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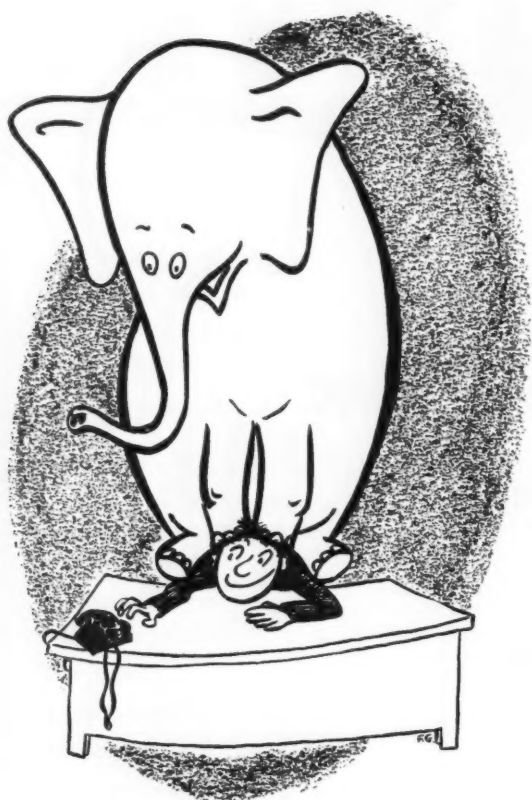
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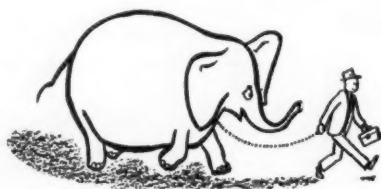
THURSDAY, NOVEMBER 29, 1956



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From The Viewpoint of The President

The "How" and "Why" of
Special Purpose Insurance



Most insurance companies are necessarily geared to uniform treatment of risks—it is uneconomic for them to deviate from an established pattern to supply a special or unusual insurance need.

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Lexington expects agents and brokers submitting problems to comply with affidavit laws where such exist.

This Adv. appears in Fortune Magazine, Dec. 1956

The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

60th Year, No. 48
November 29, 1956

1956 Is Record Year for Crop-Hail Premiums, Losses

**\$600,000 Income Gain
Spoiled by \$10 Million
Jump in Losses: Ratio 80%**

Crop-hail insurance premiums written by members and subscribers of Crop-Hail Insurance Actuarial Assn. in 1956 were at a record \$55,366,540, but the \$600,000 increase over 1955 was far short of what was needed to match the tremendous loss total of \$44,582,866, a figure nearly \$8 million greater than the previous record of 1954. The loss ratio was 80.52%.

The miserable showing of the crop-hail business for 1956 is all the worse because it comes on top of miserable underwriting results in nearly every other line. There have been years when the hail departments have been the salvation of some of the companies and in fact were the means by which red ink was avoided, but this year bad weather combined with the factors that made fire, EC and the rest of the lines go sour to produce a year of woe all around.

Actually, the results of Crop-Hail Assn. members, practically all of the stock companies writing this form of insurance, were even worse than the 80½% loss ratio would indicate, since the association figures include experience of a number of mutual company subscribers which write only in Kansas and Oklahoma where the loss ratios were surprisingly good, and if these results were omitted from the over-all averages the stock companies' (CONTINUED ON PAGE 18)

Travelers Sets Up Research Department

Travelers has established a research department which will bring all of its research activities into one unit and has named Thomas F. Malone, who has been in charge of the com-



Reuel C. Stratton



Thomas F. Malone

pany's weather research center, to direct it. Immediate objective of the research department will be to coordinate activities in three major fields of research—weather, business, chemical and nuclear. Ultimately all scientific research bearing on the group's operations will funnel through the new unit.

Reuel C. Stratton has been named to direct activities in chemical and nuclear research. He has been assistant superintendent of casualty engineering and loss control.

President J. Doyle DeWitt said accomplishments in one field of research frequently result from cross-fertilization of ideas exchanged with quite another field. The research department will be primarily a service agency in the company, responsive to the needs of senior management and the source of factual information required by operating divisions. The company set up its meteorological research two years ago to study the relationship of weather with those aspects of the company's business affected by the weather, to provide management with facts on which to base decisions involving the weather hazard.

Mr. Stratton is recognized internationally for his specialized knowledge of matters associated with military and peacetime uses of atomic energy. He will carry on his work for the company, the insurance business, and, as in the past, for the government when his services are requested. His work will consist of evaluating the impact of nuclear energy on industry, ways to develop forms of insurance adequate for future needs and study of the interrelationships of chemical industry with the nuclear field.

An insurer, Mr. DeWitt said, must continually keep well informed on business, financial and fiscal conditions. New research techniques can be applied to business.

Mr. Malone formerly was with Massachusetts Institute of Technology and holds the degree of doctor of science in meteorology from that school. Mr. Stratton has been with the company since 1919. He is a member of the advisory committee on reactor safeguards of Atomic Energy Commission.

Gutsch agency, Richmond, Glover & Barbee and Fitzpatrick Mortgage Co. have merged at Salina, Kan.

Asks \$1 Million for Reduction in Offer for National Fire

Colony Co. and Fire & Casualty of Connecticut have filed suit in Connecticut superior court at Hartford asking \$1 million in damages from Continental Casualty. E. Clayton Gengras is president of Colony Co. and F. & C. of Conn., which own substantial amounts of National Fire stock. The suit claims breach of contract by Continental Casualty in the reduction of its offer from 1½ to 1¼ shares of its stock for each share of National Fire stock.

The suit charges that the larger offer, made last June, became irrevocable except through consent of National Fire stockholders themselves. The action challenges the validity of the reduced offer by Continental Casualty as in any way a binding withdrawal of the previous higher offer.

Hansen Heads Chicago Casualty Adjusters

Chicago Casualty Adjusters Assn. has elected Harry J. Hansen of Commonwealth Edison Co., president; S. J. Carpenter of Bituminous Casualty, vice-president, and Robert T. Luce of Casualty Mutual, secretary.

The Christmas party will be held Dec. 11 at the Morrison hotel, Chicago.

National of Hartford Names Dwyer Director

National of Hartford has elected as a director R. A. Dwyer, executive vice-president, to fill the unexpired term of the late Frank D. Layton.

Thurman Modifies Ruling on Audit of Homeowners

**Department Examiners Will
Audit Dailies at Home
Offices if Bureau Not Used**

LOUISVILLE—Commissioner Thurman as of Nov. 26 advised all companies writing property, casualty and multiple line insurance in Kentucky that the department order of Nov. 8, requiring companies to submit homeowners daily reports to the department for auditing is rescinded as of Nov. 21, due to inadequate facilities for handling the work. He added, however, that the department has sufficient examiners to audit all homeowners daily reports, and commencing Dec. 1 and until further notice such auditing will be made in the offices of and at the expense of each company and its affiliate, as provided for under KRS 304.018; 304.024; 394.030; 304.034; 304.035, and 304.617. "Any company which voluntarily elects to use the auditing facilities of the Kentucky Inspection Bureau will so advise this department; we will not then require an audit by our examiners," Mr. Thurman added.

In other words any company unwilling to have daily reports audited by Kentucky Inspection Bureau, will be subject to having transcripts taken from it in its home office for audit by department examiners, with the company paying the expenses of examiners traveling to the company office to make the examinations.

Late News Bulletins ...

\$1 Million Loss in Venezuelan Air Crash

The \$1 million four-engine constellation airliner that crashed this week near Caracas, Venezuela, killing all 25 persons aboard, of whom 10 were Americans, was insured in the London market. The plane, on a non-stop flight enroute from New York, smashed into a mountain two miles from the Caracas airport. It was owned by the Linea Areo postal Venezolana. Last June 20, a superconstellation of the same line crashed into the Atlantic off the Jersey coast, killing 74 persons.

Society of Buyers Elects

American Society of Insurance Management, at its annual meeting in Chicago, reelected President Frazier S. Wilson of United Air Lines and other officers. The buyers named as directors F. G. Sutherland of Illinois Power Co., C. Henry Austin of Standard Oil of Indiana.

N. C. Orders Inland Empire Payments

Superior Court Judge Seawell at Raleigh, N. C., has signed an order directing Commissioner Gold to make the first payment on claims brought against the securities deposited in the state by Inland Empire, which is in bankruptcy.

Claims totalling \$64,871 have been filed, but the judge's order applied only to about \$25,000 in losses which have been adjusted and approved. The judge, acting after H. L. Whitt and other claimants from New Hanover county sued for immediate relief, directed Mr. Gold to sell securities and pay 60% of these claims.

Inland Empire has \$50,000 in government securities deposited here, but the department reported the actual value of these securities has shrunk to about \$45,000 because of bond market conditions.

U. S. court of appeals at Denver affirmed on Nov. 16 the appointment of a

(CONTINUED ON PAGE 6)

Highlights of the Week's News

INDIANA ASSOCIATION OF INSURANCE AGENTS ANNUAL BEGINS ONPage 25

New York department eyes proposals to alter law, such as making auto form absolutePage 7

Chicago burglary men hear ways to make it rough on criminalsPage 8

Insurance leaders of two hemispheres exchange views and news at conferencePage 11

Pennsylvania supreme court decision on other insurance restrictionPage 16

Raise objections to rules for new Indiana companiesPage 16

Production, free action keys to agents' futurePage 17

\$1.5 million loss in crash of plane near Paris airfieldPage 4

Mutuals revise auto rates in Wisconsin and other statesPage 4

Mutual bureau is planning its own liability manualPage 3

R. P. Godwin tells marine men nuclear-powered ships are feasiblePage 3

J. F. Crafts stresses need for modernization of rating methodsPage 2

North America to sponsor again the Bing Crosby Xmas singPage 6

Field men can be of real assistance to agents' successPage 22

California papers make fuss over commissions paid for state insurancePage 18

Factory mutuals to limit atom cover to 15% of single lossPage 12

Thursday
1956

Crafts Stresses Need for Modernization of Rating Methods

Present methods of rate making are far out-dated, do not meet the existing conditions when promulgated and are based upon past experience which, in this fast changing economy, are not realistic, were some of the points made by James F. Crafts, president of the Fireman's Fund group to the 50th anniversary meeting of the Insurance Brokers Exchange of California.

Delays in promulgating new rates develop the inadequacy to meet increasing underwriting losses. Automobile rates now in the making, by the time they are released will not be adequate in view of the new 1957 autos. These models, he said, indicate that repairs will be at least seven percent higher in costs than 1956 models. He also indicated that the business can not remain static but must meet constant changes and new types of risks by innovations in service and coverage—they must expand as the nation's economy expands.

Inflation is another factor affecting adequate rates, particularly in third party insurance. Here the present methods of setting up reserves are inaccurate when based upon past experience; higher costs of adjustments, higher awards and other factors made merely upon judgement are questionable and undependable. The past is also out in considering expense of operations. He discussed supervisory officials, saying that they must be

convinced that when rate increases are requested there is good reason for them, and that the commissioners should understand their responsibility in approving needed increases in the public interest.

Mr. Crafts also said that the public will be served by independent personal insurance buyers who acquire new properties and are subject to new hazards. It is also essential to initiate new coverages without unreasonable restrictions or supervision.

Mr. Crafts also discussed partial subscriberships in rating bureaus and their effect upon producers commissions. Also that the future may develop some danger, probably in the next decade, of a small number on large multiple line groups which may bring an unfavorable reaction. He stressed that there is a definite place for small companies with an opportunity to grow by serving. He also spoke of the need for recruitment of young men and women to the business; at present there are too many specialists and the demand now is for employees with a knowledge of multi-peril lines.

Recovery Men to Hear Sherwood on Blasting

Recovery Men's Forum at its Dec. 6 dinner meeting in New York will hear Donald B. Sherwood, assistant general manager of National Board, talk on blasting losses. At the November meeting, Benjamin Feldstein, New York attorney, spoke on inland marine subrogation.

Gene Bear and Frank Craft of the farm department and fire division of Home, respectively, showed slides and gave a talk on the homeowners' package policies at a monthly meeting of Anderson (ind.), Insurance Women Assn. Miss Judy Edens, vice-president, presided.

FTC Examiner Dismisses Complaint Against Inter-Ocean

Loren H. Laughlin, federal trade commission examiner, has dismissed charges against Inter-Ocean alleging misrepresentation of A&S coverage. The examiner said the company is already specifically regulated as to advertising practices by the Indiana commissioner. Inter-Ocean is an Indiana corporation with home offices at Cincinnati.

The FTC claimed Inter-Ocean was misrepresenting the duration of coverage, number of disabilities covered and the surgical payments.

Ark. Agents Set Card for Midyear on Dec. 3

The agenda has been arranged for the 1-day annual midyear meeting of Arkansas Assn. of Insurance Agents on Dec. 3 at LaFayette hotel, Little Rock.

Members will attend a closed session in the morning when legislative ideas for the 1957 Arkansas general assembly will be outlined.

After a luncheon, Eugene F. Gallagher, fire and marine manager of Standard Accident at Chicago, will address a general session on local agency production. Package dwelling policies will be discussed by a panel of two agents and two company men from adjoining states.

A cocktail party and dance will be held in the evening. Little Rock insurance women will present a show, "Circus Time."

All standing committees and the executive committee will meet the day before the annual session.

Minsker Heads IM for Agricultural

Agricultural group has appointed Stanford A. Minsker superintendent of inland marine at the home office.

He will supervise preparation and marketing of package policies and coordinate operations of the new IM department. He is a former instructor of insurance at Brooklyn college and at Insurance Society of New York.

Berry of Colorado Appoints Two to Staff

Commissioner Beery of Colorado has appointed William A. Robertson to his staff as legal counsel, replacing Joseph C. Sampson who retired last June. Also added to the staff was Robert D. Balzano as examiner. Mr. Robertson is a law graduate from the University of Denver and has been practicing law in Denver. Mr. Balzano has been with the Colorado department of employment security and later with the Colorado state highway department.

N. C. Department Gets Two New Actuaries

Two new assistant fire and casualty actuaries have joined the North Carolina department. They are G. E. King of Cary, N.C., a graduate of Wake Forest, and Robert Holcombe, graduate of University of Wisconsin. They succeed Elmo Bunn, who resigned several months ago to enter the company field, and Willis Lachot Jr., who became an adjuster with Motors.

Kansas City Agents Annual Dec. 4

Kansas City Insurance Agents Assn. will hold its annual meeting and election of officers for class I members at a luncheon on Dec. 4 in University club.

Pa. Agents Term Equal Responsibility Proposal Unworkable

Directors of Pennsylvania Assn. of Insurance Agents have rejected the proposed equal responsibility law for the state as completely "unequitable and unworkable, and therefore not in the public interest."

The law, proposed in a report by a special governor's committee on the uninsured motorist problem late last month, was described by the agents' directors as "just another compulsory auto insurance law, so named to avoid the odium of proposed legislation studied by insurance, law and government groups throughout the land and, with almost complete unanimity, rejected by them."

However, the directors commended the governor's committee for suggesting several proposals for insuring safety on the highways, including minimum age qualifications for drivers, physical examinations for drivers and creation of a traffic safety council.

The directors, in opposing the equal responsibility law idea, said the UM endorsement, now being made available throughout the country, is the practical answer to injury caused by the financially irresponsible driver.

Actuaries Reelect, Admit New Fellows

Casualty Actuarial Society admitted eight new fellows and reelected Norton E. Masterson, vice-president of Hardware Mutual Casualty, president and all other officers at the annual meeting in New York.

The new fellows are N. J. Bennett of the Florida department, M. Bondy of the New York department, J. H. Boyajian of the California Inspection Rating Bureau, W. V. B. Hart of Aetna Fire, R. H. Kallop of National Council on Compensation Insurance, R. Lino of National Bureau of Casualty Underwriters, J. H. Muertterties of Industrial Indemnity and J. W. Thomas of Travelers.

Three Midwest Changes for Fireman's Fund

Fireman's Fund has made three changes in its midwestern offices. Russell S. Oyer has been named manager at Indianapolis, succeeding Robert W. Schmitt, who has been transferred to Louisville as manager. H. L. Dalton of the Chicago office has returned to Des Moines as manager there.

Stuart C. Harlowe remains in charge of the bond section at Louisville.

Carolina Casualty Appoints Mavon & Co as Ill. GAs

G. A. Mavon & Co. of Chicago and Peoria, statewide insurance company managers, have become general agents for Carolina Casualty. Carolina specializes in writing long-haul trucks and local public transportation busses. The move will enable Mavon to extend facilities in these lines to brokers and agents throughout the state.

Connors New President of Mass. Plate Glass

Massachusetts Plate Glass has advanced Frank J. Connors from vice-president to president to succeed the late John E. O'Neil. Mr. Connors headed the general agency of Frank J. Connors Inc. of Boston.

Atlanta Assn. of Insurance Agents will meet Dec. 7 at Biltmore hotel there. About 30 special guests will be present.

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COLO. SUPREME COURT

Securing Own Counsel Voids Physician's Liability Cover

Insured violated the terms of a physician's liability policy and voided coverage by using his own attorney in defending a libel action without written consent of the insurer, Colorado supreme court ruled in Maier vs U.S.F.&G., 8 CCH (Fire & Casualty) 1080.

The doctor, in making out a death certificate, noted on the margin of the certificate that the patient had died of criminal neglect while at Spears Sanitarium. Some three years later a photostat of the certificate together with further comments by insured were published in the *Rocky Mountain News*. A libel action was instituted, and the insurer offered to defend insured on the first cause of action, the initial statement on the certificate. However, insured insisted retaining his own lawyer, and, following successful defense of the libel action, sued the insurer for payment of legal fees and expenses.

The supreme court held that, although the insurer was obligated to defend insured in the first cause of action, insured's insistence on his own attorney was not a right he had under the terms of the policy. The court added that the insurer was not liable to defend insured in the second cause of action since it did not come within the scope of the policy, which limited liability to instances of rendering professional services. The discussion of the patient's treatment at the sanitarium and publication thereof did not fall in the category of rendering professional services, the court said.

The key to the situation was not the insurer's refusal to discharge its full obligation but insured's refusal of a tender of performance by the insurer in accordance with the terms of its policy, the court concluded.

Edwin P. Case was counsel for insured, and Wagner & Wyers defended the insurer.

Revised Agricultural IM Setup Explained

The story in the Nov. 15 issue regarding the fact that as of Nov. 1 Agricultural and Empire State will also maintain separate insurance facilities for all inland marine lines with the exception of risks on inland waterways, lighterage risks and builders risks on vessels, yachts and inboard motor boats, a typographical error produced an incorrect impression. Correctly state the story is:

Appleton & Cox, which formerly managed the complete marine operations of Agricultural and Empire State, will continue its exclusive supervision of wet marine for the two insurers. These lines will not be on a dual basis.

Producers formerly using the facilities of the combined operation can continue that procedure or deal directly with either group in placing inland marine lines. Appleton & Cox and Agricultural group will continue a policy of close cooperation in all inland marine matters.

New Auto Insurers in W. Va.

Crown Ins. Co. has been licensed by the West Virginia department. The company has a paid in capital and surplus of \$151,860.

Crown, after being admitted to other states, will specialize in some areas in financial responsibility risks, cancelled or rejected passenger and commercial risks, and under-age or over-age driv-

ers, while in others it will handle standard passenger cars and local and long-haul trucks at reduced rates.

The home office is in Huntington, W. Va., and L. A. Polk, who has been in the business for 30 years, most recently as secretary of Inland Mutual, is president and general manager.

Texas High School Junior Wins Kemper Essay Contest

John S. MacInnis, 16-year-old high school junior from Lubbock, Tex., has been named winner in the James Scott Kemper Bill of Rights youth award essay contest sponsored by the Kemper companies.

Young MacInnis, whose father, Donald S., is district manager for the Kemper companies, will receive a \$1,000 cash prize and a 10-day all-expense trip to Washington D. C. for submitting the winning essay on the theme "My Right—and Duties—Under the Bill of Rights." His parents will accompany him on the trip to the nation's capital. The award was established by James S. Kemper, former U. S. ambassador to Brazil and chairman of the Kemper companies, to commemorate the anniversary of the Bill of Rights on Dec. 15. Competition was open to high school sons and daughters of Kemper agents and employees.

The panel of judges included four college presidents—Dr. David D. Henry of University of Illinois, Dr. Lawrence A. Kimpton of University of Chicago, Dr. J. Roscoe Miller of Northwestern university and Dr. John T. Rettaliata of Illinois Institute of Technology—and Gen. Robert E. Wood, retired chairman of Sears, Roebuck and Co.

\$140,000 Fire in Ala.

Fire destroyed the Chunn building at 114 South Kimball avenue, Jackson, Ala., with a loss estimated at \$140,000, \$70,000 contents and \$70,000 building. One part of the building was occupied by Jean's department store, another by Greer's supermarket, and a third section was being remodeled.

Mutual Bureau Is Planning Its Own Liability Manual

A hearing before Commissioner Gold of North Carolina on proposals for revisions of liability and burglary manuals produced an announcement that Mutual Insurance Rating Bureau is for the first time preparing to issue a liability manual of its own.

The disclosure came from J. M. Muir, secretary of the bureau, while he was discussing changes proposed for OL&T and M&C.

National Bureau of Casualty Underwriters, represented at the hearing by its assistant actuary, Thomas E. Murrin, proposed that its filings be made effective Dec. 19, which will be the effective date elsewhere in the country. Mr. Muir told the commissioner that the mutual bureau proposed no effective date "because we are planning to print our own manual and would like to have the revisions introduced with that manual."

Mr. Muir said later this manual would embrace all liability except automobile, for which his bureau issued a manual in 1955. The target date for general distribution is early February, but he said he is not yet certain the manual will be ready by that time. He said no announcement of plans for the manual had been made anywhere else.

The liability filings here are identical, except with respect to some rate proposals, with those which have been made by Mutual Bureau and National Bureau on a nationwide scale. Elsewhere, the burglary filings were effective Nov. 21. Mr. Murrin asked that the commissioner time his decision so announcements wouldn't get tangled up with the Christmas mail rush. He suggested that the effective date be mid-December, or, if that couldn't be done, then early January.

While Mr. Gold did not announce a decision, it is regarded as likely he will approve the filings as proposed.

Tells Marine Men Nuclear-Powered Ships are Feasible

Plans for the first nuclear-powered commercial ships were outlined by Richard P. Godwin, chief of the maritime reactor branch of Atomic Energy Commission, at the annual dinner of American Institute of Marine Underwriters in New York. He said the maritime administration and AEC were co-operating in planning a combination cargo-passenger vessel of 12,000 tons deadweight, 595 feet long and 78 feet in beam, with a projected service speed of 21 knots.

The vessel must be considered a prototype and therefore not economically competitive, but Mr. Godwin expressed the opinion that the second vessel to be built under the program will probably be able to compete commercially with vessels of conventional propulsion.

Clarence G. Morse, U. S. maritime administrator, also spoke at the dinner, which was attended by 350 marine underwriters and guests.

Owen E. Barker of Appleton & Cox, president of the institute, presided.



Mr. Barker emphasized the dynamic potential of the American ocean marine insurance market. He said the business has maintained its strength and identity during recent evolutionary changes in the insurance business. Among the achievements of the market, he mentioned its increasing interest and participation in international insurance affairs, its expanding share in the insurance of foreign-flag hull lines and the growing efficiency and economy of operation of its various organizations. He paid tribute to Leslie J. Haefner, vice-president of Fireman's Fund, who is retiring after 50 years in ocean marine underwriting.

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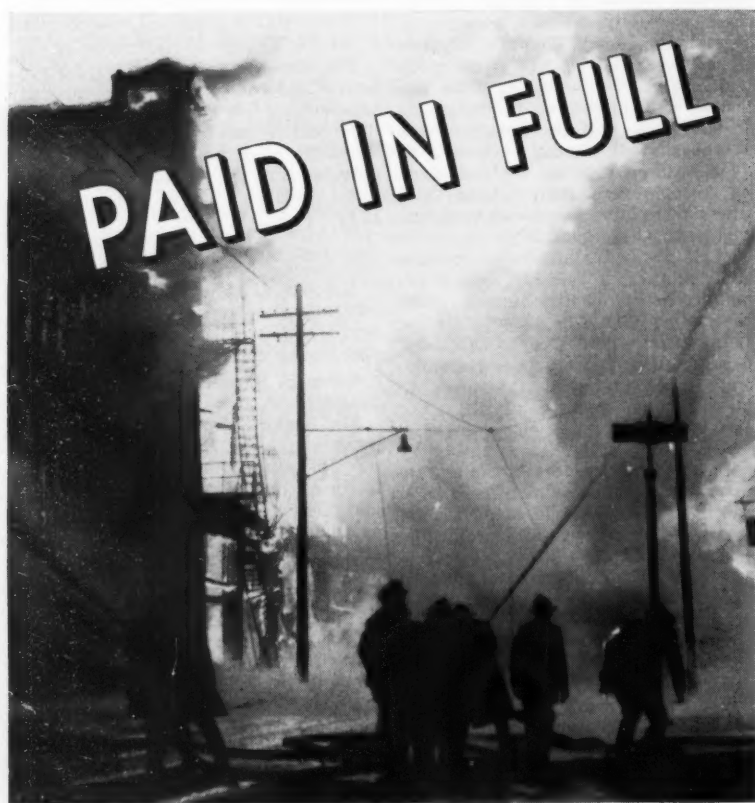
\$1.5 Million Loss in Crash of Plane Near Paris Airfield

Estimated value of the four-engined Italian airliner that crashed near Paris killing 33 persons was close to \$1.5 million. The insurance was reported to be in the Italian pool. The crash hurled flaming gasoline over three houses and burned them to the ground. The plane, a new DC-6B, had just taken off from the Paris airport en-

route to Ireland when an engine apparently exploded.

Meanwhile 23 persons were killed in a crash of Czechoslovakian airliner on the German-Swiss border shortly after it took off from Zurich airport bound for Prague. The plane was a Russian, two-engine model with an estimated value near \$300,000.

New York Mariners Club heard a talk by L. A. Parish, vice-president of Waterman Steamship Corp., on marine underwriting and claims at the November meeting in New York.



Fire claim was paid without question...in full

"Our claim was settled last week," writes a midwestern client, "and you'll be interested to know that your appraisal figure was allowed in full. The adjuster had no questions after examining your report."

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Canadian Appraisal Company, Ltd.
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The Leader in Property Valuation

The
AMERICAN
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Company

Since 1896... Largest... Most Widely Used

Asks Agents About National Ads; Offers Insurers Insignia

Members of National Assn. of Insurance Agents are being asked to indicate whether they are willing to contribute a small portion of commission income, not more than one-half of 1%, to a national advertising program devoted to promoting the local, independent agent.

Alan H. Miller of Hackensack, N. J., chairman of the NAIA advertising committee, makes the inquiry in the November issue of *American Agency Bulletin*. Members are urged to indicate to NAIA how they feel about contributing to such a national campaign, using newspapers, radio, TV, and other media.

Also, in answer to requests from many companies, and to encourage business-wide promotion of the agent, NAIA is making available its award winning insignia on the local agent to stock insurers doing business through the agency system. Reaction to the new insignia, according to Mr. Miller, has been highly favorable among companies and agents.

NAIA Urges Spread of Term Commission

National Assn. of Insurance Agents has urged that the subcommittee on internal revenue taxation consider establishing in the tax laws substantive provisions for deferring and prorating term commissions over the period of the policy. Charles W. Tye of Joseph Froggatt & Co. of Newark, appeared before the subcommittee representing NAIA. He said such provisions would alleviate present inequities affecting the small business men who operate insurance agencies.

He said agents are seeking legislation along the lines of sections 452 and 462 of the Internal Revenue code of 1954, which were repealed when it was charged they would provide windfalls to taxpayers under certain circumstances.

Mr. Tye pointed out that much business is placed on a term basis, and the agent is responsible for servicing such policies over the term, though the commission paid in one year may result in a tax penalty. In addition, if coverage is cancelled or reduced during the term of the policy, the agent owes a return commission.

He said that decisions of the tax court and of several circuit courts of appeal are not uniform on the subject of tax accounting, which creates uncertainty and hardship on taxpayers. However, a number of circuit courts have shown concern with the basic principle of charging to each year's income reasonably ascertainable future expenses necessary to earn or retain the income, and have permitted accrual of certain items of future expenses.

Wisconsin Surety Assn. Elects Krier President

Urban Krier, assistant manager of U.S.F.&G. at Milwaukee, has been elected president of Wisconsin Assn. of Surety Underwriters to succeed William Leissring of Firemen's Fund Indemnity. Leonard A. Buck, manager of New Amsterdam Casualty, was chosen vice-president and Paul W. Wolfram of Standard Accident, was reelected secretary.

Wabash Fire & Casualty has begun construction of a new \$500,000 two-story office building in Indianapolis.

Mutuals Revise Auto Rates in Wis. and Other States

Mutual Insurance Rating Bureau has revised private passenger automobile liability rates in Wisconsin, effective Nov. 28. The effect is a reduction of 3% with all class 1A rates lower—by \$6 in Milwaukee and \$2 or \$3 in other areas. This class represents 58% of total insured private passenger cars.

Reductions for class 3 range from \$2 to \$10, with the largest increase again being in Milwaukee.

But increases for 2C, young bachelor owners or principal operators, are \$21 to \$32. They make up 4% of insured private passenger automobiles. Increases of \$2 to \$7 have been applied to young bachelors who are not owners or principal operators.

Mutual Bureau also has reduced commercial auto liability rates 7% in Georgia and Michigan and 6% in Ohio, and has increased them 13% in Maryland, effective Nov. 28. Division 1 garage risk rates are decreased 11% in Ohio, 3% in Michigan and 1% in Maryland and increased 1% in Georgia, as of the same date.

Continental Cos. Hold Seminar on Recruiting

Continental companies held a 2-day recruiting seminar in Chicago for 20 placement officers and educators from midwestern universities. The meeting included talks by executives, a symposium on insurance careers for graduates and guided tours of the home office.

Chairman Roy Tuchbreiter, keynoting the seminar, placed special emphasis on youthful leadership within the companies and the interdependence of the insurance business with institutions of higher learning.

President J. M. Smith of Continental Casualty said insurance companies must provide full multiple line facilities or forfeit leadership. In making these facilities available, the company is striding ahead but is in danger of outstripping its manpower supply. He hoped that the educators, given a firsthand account of job possibilities at Continental, would feel that insurance is a business which they could recommend confidently to graduates.

President Howard C. Reeder of Continental Assurance said the country's increasing birth rate makes life insurance a growth industry. College men are needed to service policyholders and contribute to the growth. Life insurance is a depression-proof career and offers limitless job selection. The company is eager in its long term planning to delegate responsibility to many young men now in college, he said.

The program was arranged by the college placement bureau.

Two of Chicago's Oldest Agencies to Merge

Meeker-Magner Co. and McCabe & Hengle, two of Chicago's oldest insurance agencies, will merge on Jan. 1 under the name of Meeker-Magner Co.

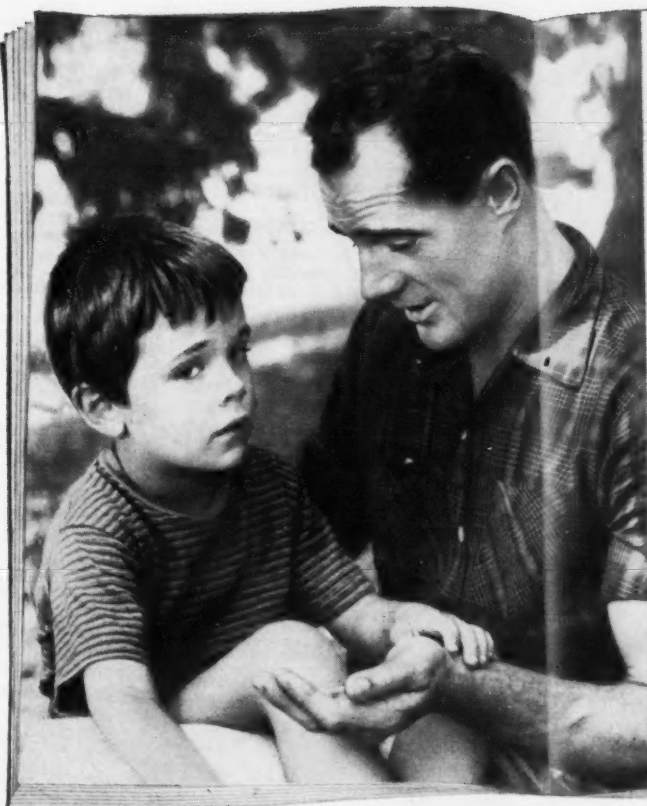
T. G. Magner will be president of the merged company and Richard T. Magner will be executive vice-president. John V. McCabe and Ralph H. Loser will be vice-presidents in charge of production.

Meeker-Magner Co., founded in 1902, and McCabe & Hengle, founded two years later, have followed parallel courses as general agencies providing service to brokers and their clients. The move was made to extend the services of both organizations.

New York Life
is showing this message
55,121,126 TIMES
... to talk-up
sales for you!

Hard-working Advertisements

like this one will be seen by millions in *Life*, *Look*, *Saturday Evening Post*, *Collier's*, *Time*, *Newsweek*, *Town Journal*, *Better Homes & Gardens*, *Holiday*, *Atlantic Monthly*, *Harper's Magazine*, *The New Yorker*, *Sports Illustrated*—and other leading publications. They'll help stimulate even greater demand for New York Life policies.



THE ANSWER

for men who need
(but think they can't afford)
at least \$10,000
more life insurance!

New York Life's popular
Whole Life policy protects
your family at a low premium
cost—builds high cash
values fast!

Here's a policy that offers permanent life insurance in an "economy size package." Because the minimum amount is \$10,000, savings are possible which are passed along to you and make the premiums much lower than they would otherwise be. For a man of 35, for example, the annual premium for standard life insurance is only \$23.58 per \$1,000. And rates are correspondingly low for all ages.

Low as the premiums are, Whole Life "builds up high cash values quickly—equal, in

fact, to the full reserve after only seven years! These values are a source of ready cash available for emergencies.

Dividends payable on Whole Life can be used to reduce the premium payments. Or, you can allow dividends to accumulate, increasing the policy's cash value. Or, you can apply them under other available options.

The low premiums, high cash values and dividends combine to make Whole Life unusually attractive. If you have been telling yourself that you ought to have more life insurance to protect your family or your business—but have been putting it off because you think you can't afford it—ask your New York Life agent for all the facts about Whole Life, or mail the coupon below, today!

NEW YORK LIFE INSURANCE COMPANY

THE NEW YORK LIFE AGENT IN YOUR COMMUNITY IS A GOOD MAN TO KNOW

Life Insurance
Group Insurance
Accident and
Sickness Insurance
Employee Pension Plans

New York Life Insurance Company
31 Madison Avenue
New York 17, N. Y.

Please furnish me, without obligation, your booklet, "Insuring Your Family Security."

Name _____

Address _____

City _____ State _____

"Eager to Serve"



Brokerage Division
NEW YORK LIFE
INSURANCE COMPANY

A MUTUAL COMPANY



FOUNDED IN 1845

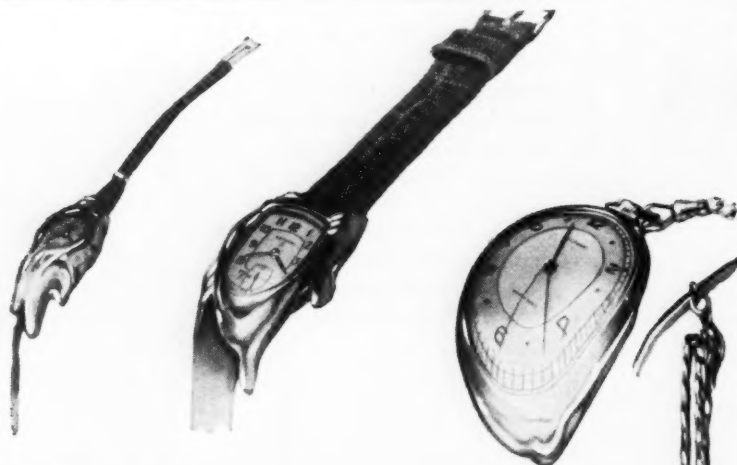
Modern policies for modern needs include Life Insurance, Group Insurance, Accident and Sickness Insurance and Employee Pension Plans

North America to Sponsor Again the Crosby Xmas "Sing"

North America is sponsoring a special one-hour Bing Crosby Christmas eve radio broadcast, entitled "Christmas Sing with Bing," Dec. 24 at 9-10 p.m., EST, over CBS network and Canadian Broadcasting Corp.'s 49 stations.

The first program of this kind was presented by North America last year and proved highly successful. In addition to carols, the broadcast again will feature special pickups from around the world—GIs in Korea, the "picket ship" of the continental defense system off the Pacific coast, songs by the Vatican choir in Rome, the Mormon tabernacle in Salt Lake City, and the Children's hospital in Los Angeles.

On the show with Mr. Crosby will be Rosemary Clooney and the Norman Luboff choir. The essay contest on "What Christmas Means to Me," which drew 70,000 entries last year, will be repeated and the winner will appear on the program.



The case of the BROILED watches !

In West Germany, a watchman sniffed the damp night air suspiciously, broke into a run, shouting "Hilfe! Hilfe!" — and turned in the fire alarm.

Too late. Only a "fireproof" safe survived, holding almost a million dollars' worth of fine watches.

The American owners frantically called their insurance company, American International Underwriters. An AIU adjuster arrived while the ashes were still smoldering.

When they finally managed to open the massive door, they found the watches — half-melted! They'd been broiled.

It took months to determine the exact amount of the damage. In the meantime, the firm might have suffered a paralyzing business catastrophe. It was averted by AIU's paying over \$900,000 immediately — all but a small part of the whole loss.

Such practical service is typical of AIU throughout the world. It can help you profit from today's opportunity in foreign coverage and "competition-proof" your domestic business.

AIU policies are written in broad American terms. Information required is the same kind as for domestic risks. Claims are paid in the same currency as the premiums — including U. S. dollars where local law permits.

You don't have to be an expert to handle foreign risks. Take them to AIU — and AIU is your expert. For full information and literature, write to Dept. E of the AIU office nearest you. Or call in person.



AMERICAN INTERNATIONAL UNDERWRITERS

New York Boston Washington Detroit Chicago New Orleans
Dallas Houston Denver San Francisco Los Angeles Seattle

Late News Bulletins . . .

(CONTINUED FROM PAGE 1)

federal receiver for Inland Empire. The company had objected to appointment of a receiver by the district court in Salt Lake City, contending that insurance laws of the states provided measures for dealing with its problems. With one dissent, the appeals court held Inland Empire was "hopelessly insolvent" and must be liquidated, and that it was "wholly impractical" to liquidate the insurer under local receivership in the various states.

Combined Plans Stock Incentives for Agents

A precedent-setting sales incentive plan by which successful agents are given an opportunity to acquire stock in the company or any other company of their choice has been instituted by Combined of Chicago.

The new plan was described by the company as being unique in that the agents have the alternative of converting their stock rights into stock in other companies in the group.

In addition to Combined, the other companies for which this new plan applies are Hearststone of Boston; Combined American, Dallas, and First National Casualty of Fond du Lac, Wis.

Aetna Casualty to Pay 30 Cents Extra

Aetna Casualty has declared a 30 cent extra dividend payable Jan. 2 to holders of record Dec. 7.

Chicago Casualty, Surety Managers Elect Walker

Chicago Casualty & Surety Managers at their annual meeting elected Ray L. Walker, U.S.F.&G. as president to succeed Richard Tillotson, American Surety, who goes on the executive committee.

Benton A. Sifford, Fireman's Fund Indemnity, is vice-president; John S. Warren, General Accident, secretary-treasurer, and Frank D. Whipple Century Indemnity, assistant secretary-treasurer.

The Portland, Me., local agency of Donald C. Gatley has become affiliated with the Wendell Berman agency there.

Toledo (O.), Insurance Women Assn. held its annual Bosses' Nite party recently. Mrs. Frances Schneider was general chairman of the affair which featured a western theme. Miss Mary Ellen Pixley, region IV director of National Assn. of Insurance Women, was the guest.

Expect Another Attempt to End Separate Identity of Minn. Department

ST. PAUL—Gov. Freeman is expected to try once again to put through his reorganization bill, which passed the last session but was ruled invalid because of a clerical error. The bill contains a provision to abolish the insurance department as a separate entity and make it a division of the commerce department.

Dean Loman Leads CPCU Conferment at Indianapolis

Dean Harry J. Loman of American Institute conducted conferment exercises for five CPCU designees at a luncheon sponsored by Indiana chapter of CPCU at Indianapolis. The luncheon attracted over 200 agents and home office representatives.

Dean Loman called CPCU a "great unifying force" in the business, since it brings together representatives of all segments: Stock, mutual, reciprocal, local agents, field men and home office personnel. He urged the new designees to join the society, not as a privilege, but as an obligation to help increase the stature of the business from which they earn their livings.

Wilkinson Agency Sold

The J. Ben Wilkinson Co. agency of Piqua, O., has been sold to the Stelzer & Reed Co. agency there, effective Dec. 31. The combination will result in the largest agency in the upper Miami valley.

Barney W. Phalen, vice-president and general manager of the Wilkinson agency, said family obligations occasioned by his wife's lingering illness forced him to return to full-time operation of the Phalen agency at Versailles, O.

Insurance Accountants Assn. heard David Gray, assistant secretary of American Fore, speak on the flood damage program, at the November luncheon meeting in New York.



Representing Fred S. James & Co. of Chicago at the American Management Assn. insurance meeting: E. Walter Geisler, senior vice-president at Pittsburgh; W. H. Stevens, vice-president; G. W. Blossom III, vice-president; James Chalmers, assistant secretary at Pittsburgh, and F. S. Dauwalter, vice-president.

N. Y. Department Eyes Proposals to Alter Law, Such as Making Auto Form Absolute

NEW YORK—The suggestion that the compulsory automobile policy be made absolute drew vigorous protests from the business at the hearing conducted by the insurance department here. Several other proposals were advanced, which the department officials will consider before preparing its recommendations to the legislature next year.

Proposals growing out of the Zanger decision, which involved use of unearned premiums to purchase insurance in a solvent company after Preferred Accident went broke, also provoked a lot of discussion. Arthur F. Lamanda, deputy, who conducted the hearing, indicated that Superintendent Leffert Holz intends to hold a conference with companies and producers on this subject matter before time comes to put in the department's legislative program.

Several departmental personnel were on hand for the hearing, including Julius Wikler, Robert J. Malang, Walter Brooks, William Gould, Ray Harris, Joseph Collins, George Gross, Milton Shalleck, and Andre Pouy.

To make the auto policy absolute would relieve insured of the responsibility of furnishing insurer notice, of cooperating with insurer in other ways—in effect invites insured to lie, cheat, and even prejure himself. So declared Joseph P. Craugh, Utica Mutual, who appeared for American Mutual Alliance because of the sudden and unexpected illness of Paul Wise of that organization.

The objective sought, Mr. Craugh said, is insignificant because of the extremely small number of disclaimers of liability based on failure of insured to cooperate with insurer. The experience of Utica Mutual over the years involves less than a dozen cases, Mr. Craugh said. A check at the New York office of Liberty Mutual showed that that company had only one case in five years.

This all may be true, Mr. Lamanda said. But what about the poor man in the street who is not involved in the controversy between company and insured, but who loses out because of that controversy?

It is clearly stated in the compulsory legislation that an absolute policy was not intended by the legislature, Richard C. Wagner of Assn. of Casualty & Surety Companies declared. Higher rates would have to be charged. He observed that when an insured comes under financial responsibility at present, he has to furnish an absolute policy, but he is surcharged for it.

Michael J. Murphy of Assn. of New York State Mutual Casualty Companies and Arthur Mertz of National Assn. of Independent Insurers also vigorously condemned the proposal.

A proposal that seems simple enough but that aroused considerable debate was to change the hour at which the statutory fire policy becomes effective. Package policies include fire and casualty forms. Casualty policies expire at 12:01 a.m., fire policies at 12 noon.

Roy C. McCullough, general manager of Multiple Peril Insurance Rating Organization, opposed the change.

Homeowners and comprehensive dwelling policies follow the fire practice on expiration. If a homeowner is written effective the same date on which a burglary or liability policy expires, under the terms of the HO a 12-

hour gap exists between the expiration of the casualty policy and the beginning of similar protection under the package policy.

Originators of HO deliberately selected noon time because the policies must be written on a statutory fire form, he said. In case of fire, theft and most of the casualties insured under HO, the choice of noon rather than

midnight is apt to minimize disputes as to when the incident occurred or started. If a fire begins around noon, there is a fair chance that someone sees it and can fix the time in relation to expiration, whereas this might be difficult at night. The same is true of theft, wind damage, and most other casualties. Concededly, he said, very few liability claims arise in the middle of the night, and midnight is a better time from the liability standpoint. Liability coverage, however, is a small element of the total package.

He observed that of every 100 per-

sons who insure their homes against fire, probably less than 25% have pre-existing theft or liability coverages, so that in most cases the homeowners will be written coincident with the expiration of the fire policy.

A gap in protection can occur, he conceded, but the companies have found with HO that the problem can be met handily and is being met by moving the inception date one day so there is a period of overlap rather than a gap, endorsing a policy to give in effect 12 hours free coverage where a

(CONTINUED ON PAGE 20)

SHOE CORPORATION OF AMERICA COLUMBUS, OHIO

protects its property *Automatically*... gets better
FIRE and BURGLARY protection and...
SAVES \$11,000 A YEAR



Innis Road Warehouse and Factory

We have used ADT Automatic Protection Services in Columbus for twenty years. When we built our new warehouse recently, ADT Protection was "automatically" included in our plans. We believe that it is giving us the best possible protection against fire and burglary, as well as saving us up to \$11,000 annually for our two locations.

Gerald Corbett
Gerald Corbett, Insurance Department



Office and Warehouse North Fourth Street

Mr. Corbett's statement attests the exceptional efficiency and economy of ADT Automatic Protection in helping to assure continuity of operations. Both Columbus properties are protected by combinations of Central Station Sprinkler Supervisory and Water-flow Alarm, Burglar Alarm, and Heating Supervisory Services.

Thousands of business executives from coast to coast express similar satisfaction because they know that ADT Automatic Protection gives greater security for property, profits, and employees' jobs than other methods, and at less expense.

May we show you what ADT can do for you?

Whether your premises are old or new, *sprinklered or unsprinklered*, an ADT specialist will be glad to show how combinations of automatic services can protect your property. Call our local sales offices if we are listed in your phone book; or write to our Executive Offices.

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Visit the ADT Exhibit
Booth 1447
Plant Maintenance and
Engineering Show,
Cleveland, Ohio
January 28-31, 1957

Chicago Burglary Men Hear Ways to Make it Rough on Criminals

An alarming atmosphere—but only for those of the criminal element—prevailed as better coverages and traps to make it easier for insurers and tougher on second story men were described to 200 members of Chicago Burglary Underwriters Assn. who met for their annual

conference at Midland hotel last week. President William M. Hanney, Zurich, presided at the luncheon and banquet in the two-day session in which members dined amid clanging alarm bells and company representatives exhibited and explained their burglar-proof wares.

The afternoon sessions featured six speakers representing insurance and burglary protection companies devoted to writing better burglary coverages and building better "man-traps."

Problems of all-risk coverages were

discussed by John Even, executive assistant W. A. Alexander & Co., who called the mercantile block form "the greatest flop in insurance history." He said the form contains so many exclusions that insureds didn't know what they were covered for, and he labeled the rates as being "extremely unrealistic."

"Introduction of the mercantile block form costs the insurance industry \$10 million," he said.

Mr. Even said he believed a new all-risk commercial property form would be saleable, although it did contain

several exclusions, and he went on to list many of these.

He told agents that there are many decisions to make before underwriting burglary exposure. They may have to decide that the merchandise is unprotected, that the rates are inadequate, that the location is one where frequent burglaries occur, or that the physical shape of the building invites breaking and entering.

One out of every eight alarm-protected premises was attacked by burglars in 1954, Joseph E. Cunningham Sr., president of A.F.P. Co., told the conference. He warned that "the mere fact that there is a burglar alarm system on the premises means nothing." These alarms could be installed by the proprietor himself or by an electrician, but unless they are approved by Underwriters' Laboratories, they should not be allowed a credit.

Mr. Cunningham, who supplied the conference with statistics, said that police or guard response to an alarm averages 5 1/4 minutes, thus giving the burglar three to five minutes to loot a premises.

Steel gates and padlocks used as outside protection are worthless, he said, because any amateur can penetrate them in a very few minutes. This form of protection should be used inside the premises as a second line of defense after an alarm system. This would force the burglar to spend precious time working on the inside after he has already set the alarm off.

He said the proper way of preventing burglar attacks is to educate insurance company burglary inspectors, and he predicted that "within 20 years the protective alarm system will be completely electronic and fool proof."

Robert S. Brown, commercial sales manager Mosler Safe Co., introduced the conference to what he called Public Enemy No. 1—the obsolete safe. This safe of antediluvian vintage, was walled with ordinary concrete which dries out and cracks, and had cast iron jambs which could crack upon impact. Mr. Brown pointed out that this offered little protection against heat and that insulation might generate glasses which would explode.

To prove its vulnerability against burglary, he put on a realistic demonstration employing a "burglar" with mask and gun. Using only sledge hammer, a rammer and chisel, the burglar took but 1 minute 15 seconds to crack the safe. "This safe should not be insured. This is a safe that will give you headaches" Mr. Brown warned.

Robert Shirley, signal department manager Central Watch Service, Chicago, described and compared sound and vibration detection systems used in safes and vaults. A sound system, he said, will pick up the burglar before entry is made, and he said he would prefer this in most situations to an ultrasonic system which only detects movement within the vault.

Prevention of lock picking was taken up by W. S. Christopher, engineer of Chicago Lock Co., who introduced a new switch-type shut lock which is designed to detect and prevent easy picking.

Bernard A. Carstens, president of Chicago Bullet Proof Equipment Co., displayed bullet-proof windows and equipment used in banks and financial establishments. Although nothing is completely bullet-proof, he said the equipment would give protection against small arms fire which would ordinarily be employed by criminals. He recommended that this equipment be inspected at least once a year.

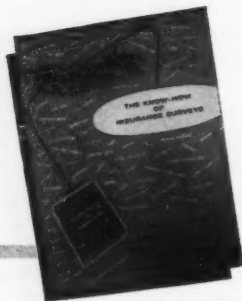


"We're building our agency on Surveys . . ."

"We sell insurance, not policies. Presently we are surveying eight big accounts . . . We have completed 27 surveys to date and it sounds fantastic, but we have yet to have one client turn down any of our recommendations. The result? About \$20,000 in additional premiums!"

—A North Dakota agent who learned about survey selling at the Hartford Fire Insurance Training Center.

Interested in Survey Selling? If so, you'll be interested in "The Know-How of Insurance Surveys", written by Cliff Burnham, Associate Director of the Hartford Fire Insurance Training Center. Send for your free copy today!



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Hartford Live Stock Insurance Company
Citizens Insurance Company of New Jersey
New York Underwriters Insurance Company
Northwestern Fire & Marine Insurance Company
Twin City Fire Insurance Company

Hartford 15, Connecticut
New York 38, New York
Minneapolis 2, Minnesota

Claim Managers Group Holds Semi-Annual, Takes New Name

Claim Managers Council of Independent Casualty Insurers held its semi-annual meeting recently at Chicago and decided to change the name to Central Claim Executives Assn.

The group decided on the change in name to avoid the conflict between its name and the organization of branch claims managers set up in many of the large cities. It was explained that the change conformed with the name given similar organizations of home office claim managers in other sections of the country.

Representatives from 32 member companies attended the two-day event which included a business meeting, a series of informative talks and a panel discussion.

Discussions included "Handling Bond Claims Including Salvage," by Walker Grootzings, St. Paul-Mercury Indemnity; "New Problems in SR 21 Filings," by Nash Williams, General Casualty of Wisconsin, and Paul Risher, Hawkeye-Security; "Handling of Bodily Injury from Claim and Legal Standpoint," by Harley McMacl, an attorney, and "Company Claim Procedure," by Bruce Yorke, Buckeye Union Casualty.

Also featured was a demonstration in the use of the lie detector by Keeler Polograph Institute. Participating in panel discussions on "Labor Unions in the Insurance Company Office" and "Procedure and Authority for Making Gratuitous Loss Payments" were John Freeze, Southwest General; L. R. Monday, American General; J. W. Jordan, Commercial Standard; John Sutton, ICT; T. P. Flahive, Superior, and J. A. Jones, Traders & General.

Glavey New V-P of Chase Manhattan Bank

Thomas F. Glavey has been promoted to vice-president of Chase Manhattan Bank in New York. He is in charge of the insurance department.



T. F. Glavey

Joining the bank in 1929, Mr. Glavey was assigned to the insurance department in 1940 after a number of years in the insurance division of the trust, real estate and bond and mortgage departments. He was appointed assistant cashier in 1946 and assistant vice-president in 1951.

He was elected chairman of the insurance and protective committee of the American Bankers Assn. in 1955 and is a trustee of the New York State Bankers' Disability Benefits Insurance Fund.

Pacific CPCU Chapter Names Hayden President

Pacific chapter of CPCU society in Los Angeles elected Willard A. Hayden of Miller, Kuhrt & Cox, president at the annual meeting.

Also elected were Harvey A. Drinkwine of Harvey A. Drinkwine & Co., Inglewood, vice-president; Edward F. Stout, insurance manager of General Petroleum Corp., secretary; Charles A. Lutz Jr., manager of American International Underwriters, treasurer; William E. Brady Jr. of Founders', J. Rob-

ert N. Kiehne of U.S. Fidelity & Guaranty Co., Frederick L. Brenlin of Fidelity & Casualty, and Kenneth A. Tipton of Tipton & Co., directors.

George R. Neal of Employers Casualty, Fred H. Meyer of Maurice Melvin, Pasadena, and Roger J. Moffat of R. J. Moffat & Co., presented a panel on the new family automobile policy.

Continental, a member of America Fore group, has elected as a director Jarvis Cromwell, president of Iselin-Jefferson Financial Co. He is also a director of Niagra Fire, a member of the group.

Intentional Damage Voids Personal Liability Policy

Insured's child automatically voided a personal liability policy when he intentionally set a fire which damaged school premises, California appeals court held in *Arenson vs National Automobile & Casualty*, 8 CCH (Fire & Casualty) 540.

In upholding the decision of Los Angeles county superior court, the higher

court found that Arenson's child, although an "insured" under the policy, intentionally set the fire at the school grounds. The policy excepted from coverage damage caused intentionally or by the direction of "insured".

New Hampshire Assn. of Insurance Agents is conducting regional schools on the comprehensive dwelling policy, effective Dec. 3, at Portsmouth, Nov. 26; Claremont, Nov. 27; Laconia, Nov. 28; Lancaster, Nov. 29, and Manchester, Nov. 30. Mountain Insurance Field Club is helping provide speakers.



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the
real loss?

Want to build a fire under some lukewarm clients and prospects? Tell them the facts.

TELL THEM:

"When your records go up in smoke, Mr. Businessman, your fire insurance covers only the physical loss—merely the cost of the paper itself. It doesn't cover the real loss—the cost of the information on the paper that makes it valuable.

"You can be protected against the real loss, by an American Surety VALUABLE PAPERS policy. Get it right now!"

BUT FIRST—

Before you tell your clients, stop a minute and fuel up with facts—all the facts—on VALUABLE PAPERS and ACCOUNTS RECEIVABLE policies. Everything you need is in our recent issue of "Mailroad to Profits."

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•

Tuttle Sees Need of Maintaining Rates

The three day casualty and automotive underwriting conference sponsored by Mutual Insurance Advisory Assn. and Mutual Insurance Rating Bureau in New York attracted more than 250 company underwriting personnel.

F. B. Tuttle, chairman of Atlantic Mutual, in the keynote address, said it seems likely that the business faces a period in which business will in-

crease even to the point where it may be difficult mechanically to handle, and at the same time, a period of difficult underwriting. Consequently it will be wise to hold rates at adequate levels so that insurers may acquire financial sinews sufficient to support the burdens which increasing volume will place upon them.

In addition to the formal program of speeches there were lively discussions at two separate sessions dealing with automobile liability and physical damage insurance, one of which was de-

voted to private passenger cars and the other was to garage, commercial and fleet automobile risks.

Wiser to Tell Problems of Forming New Company

Ray B. Wiser, president of Freedom of Berkeley, Cal., will discuss "Problems of Starting a New Insurance Company" at the Nov. 29 dinner meeting of San Francisco Insurance Forum. Mr. Wiser's recently organized company ran into obstacles in its financing efforts.

Fire Control at Atomic Energy Lab Described

The unique problem of controlling fire without being singed by radiation was described by F. O. Pancner, fire protection superintendent of Argonne National Laboratory, at Chicago Fire Insurance Examiners Assn. meeting at the Board of Trade grill. President Edwin I. Horn, Aetna Casualty, presided at the manager's night meeting.

Uranium, plutonium and thorium are not only combustible but are radioactive, but Mr. Pancner said that methods of control at the atomic energy plant at Lemont, Ill., have kept pace with operations involving these materials.

Radiation, which can neither be felt, tasted nor smelled, can contaminate by internal exposure through the bloodstream or body openings or through external exposure by highly penetrating radioactive machines. Fires in highly radioactive areas are difficult for firemen to reach.

All major buildings at the atomic energy site have fire brigades to supplement a central fire station, he said. All firemen are completely covered with protective clothing. "We have never had fire department personnel show any exposure," Mr. Pancner said.

The 60-inch water-cooled cyclotrons have smoke detectors which transmit notice of any blaze to the fire department. Machines are shut off and sources of material are shielded when fire breaks out. "Dry silica sands are used to dike small spills and smother fires," he explained.

Many people treat atomic energy as something mysterious which is to be feared, but Mr. Pancner pointed out that the public regarded electricity and gas much in the same light until methods of control were developed. "Radiation, too, is neither to be taken lightly nor to be feared," he said.

New Orleans Group Elects Eshleman

New Orleans Capital Stock Fire Insurance Assn. has elected Sidney St. John Eshleman of Loyalty group president to succeed Claude C. Dupree of Hartford Fire.

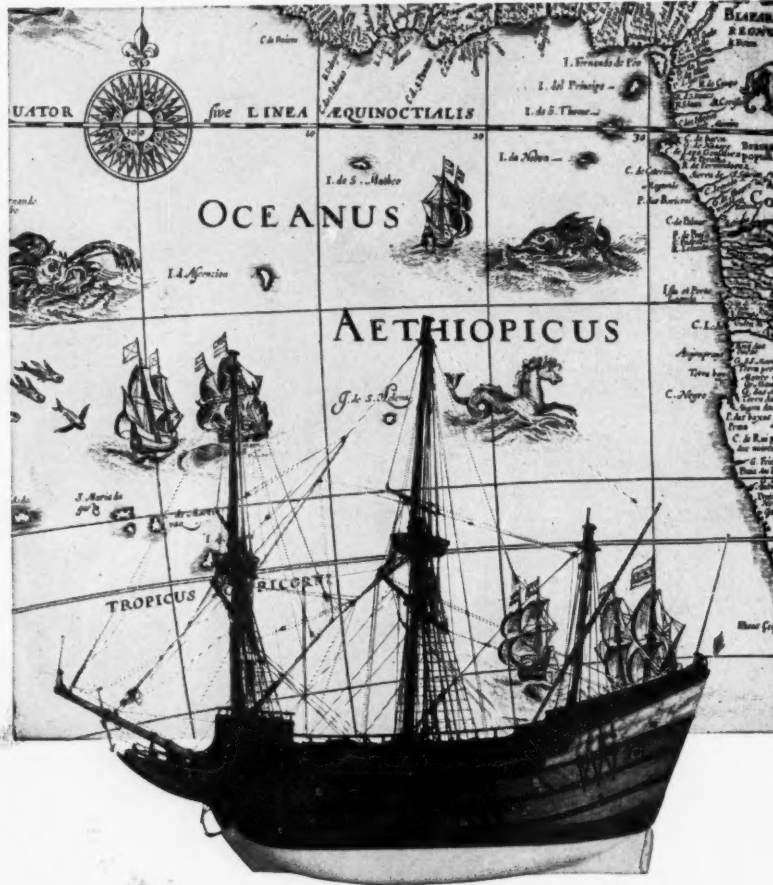
Others elected were R. Kirk Moyer, general agent of New Orleans, vice-president; Charles R. Blackstock of Northern of England, secretary, and Robert C. Jakob of Springfield F&M, John Gidiere of Royal-Liverpool, Horace Herrin of New York Underwriters, Mr. Dupree, A. E. Triemer of Fireman's Fund, William A. Murhammer of National Union and M. W. Sykes of Home, executive committee members.

Mr. Dupree received a silver disk and a framed certificate in recognition of his service during the past year.

National Fire Expands Washington, D. C., Unit

National of Hartford has expanded its Washington, D.C., office to provide complete casualty underwriting, policywriting, claims, auditing, and engineering facilities for Maryland, District of Columbia, and Virginia.

State Agent L. Christianson, who has supervised business in Maryland and the District of Columbia, has been advanced to manager of the enlarged office, with over-all multiple line supervision. He will be assisted by John W. Edelin Jr., former supervisor of the metropolitan area of Washington. K. L. Rosser has been promoted to supervising adjuster.



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Insurance Leaders of Two Hemispheres Exchange Views and News at Conference

U. S. delegates to the sixth annual hemispheric insurance conference in Buenos Aires presented a broad picture of the current American insurance scene in talks touching on the business's citizenship responsibilities, taxation, accident prevention, cargo and surety loss prevention, and individual lines of coverage.

A total of 26 insurance executives composed the U.S. delegation to the week-long session in Argentina. Speakers included Clinton L. Allen, president of Aetna Fire and head of the U.S. delegation; Victor Gerdes, research manager of Assn. of Casualty & Surety Companies; Nelson C. Schotter, tax counsel of North America; John T. Byrne of Talbot, Bird & Co., representing Assn. of Marine Underwriters; E. A. G. Manton, president of American International Underwriters; William B. Pugh Jr. of North America; R. Maynard Toelle, secretary of American Foreign Insurance Association; Oscar H. Simmons, vice-president of Liberty Mutual; Charles H. Hall, vice-president of American Surety; J. Van Hoven, vice-president of U.S. Aviation Underwriters, and A. L. Kirkpatrick, insurance manager of U.S. Chamber of Commerce.

Speaking on the civic responsibilities of the insurance business, Mr. Allen said that the best chance for the advancement and improvement of private insurance is for the representatives to be good citizens of their respective countries and of the entire community of nations. In proving its good citizenship, the business—company, agent, adjuster—must fulfill contractual obligations to the letter and to the fullest extent. In addition, the business must share responsibility for maintaining a free and peaceful world and a free competitive economy.

Mr. Manton discussed the service aspect of fire insurance and cautioned delegates that the same brand of service made available to clients of major risks is paramount with respect to the simple risk category, which is the bread and butter business.

Cost of service to simple risk business is not excessive, he said, because it does not involve the complexities which characterize the fire business of major industry and commerce. The cost of service to simple risks should not be evaluated against the simple risk income but against the entire fire risk income. He added that the simple risk client of today may become the industrial client of tomorrow and good service to the homeowner and businessman is the cheapest and best form of advertising.

The simple risk policyholder is worthy of service and no comparison between the size of the premium and cost of the service should prevent him from getting it, he declared. Simple risk business is relatively easy to acquire and is more readily protected against competition. The lines are small and the loss of one account is no catastrophe and does not threaten the entire portfolio, Mr. Manton observed.

Mr. Manton said that the demand for fire and extended coverage catastrophe covers is increasing with the rise in insured values. Property values exposed to potential disaster are enormous. It is not surprising that adequate reinsurance of catastrophe covers and continual review of company underwriting policies for catastrophe hazards are today matters of prime

importance to property damage underwriters all over the world.

Mr. Gerdes reviewed important developments in American insurance during the past year. The business as a whole was prosperous; the majority of companies showed good results. He touched on acceptance of multiple peril policies, the growing demand for protection against the financially irre-

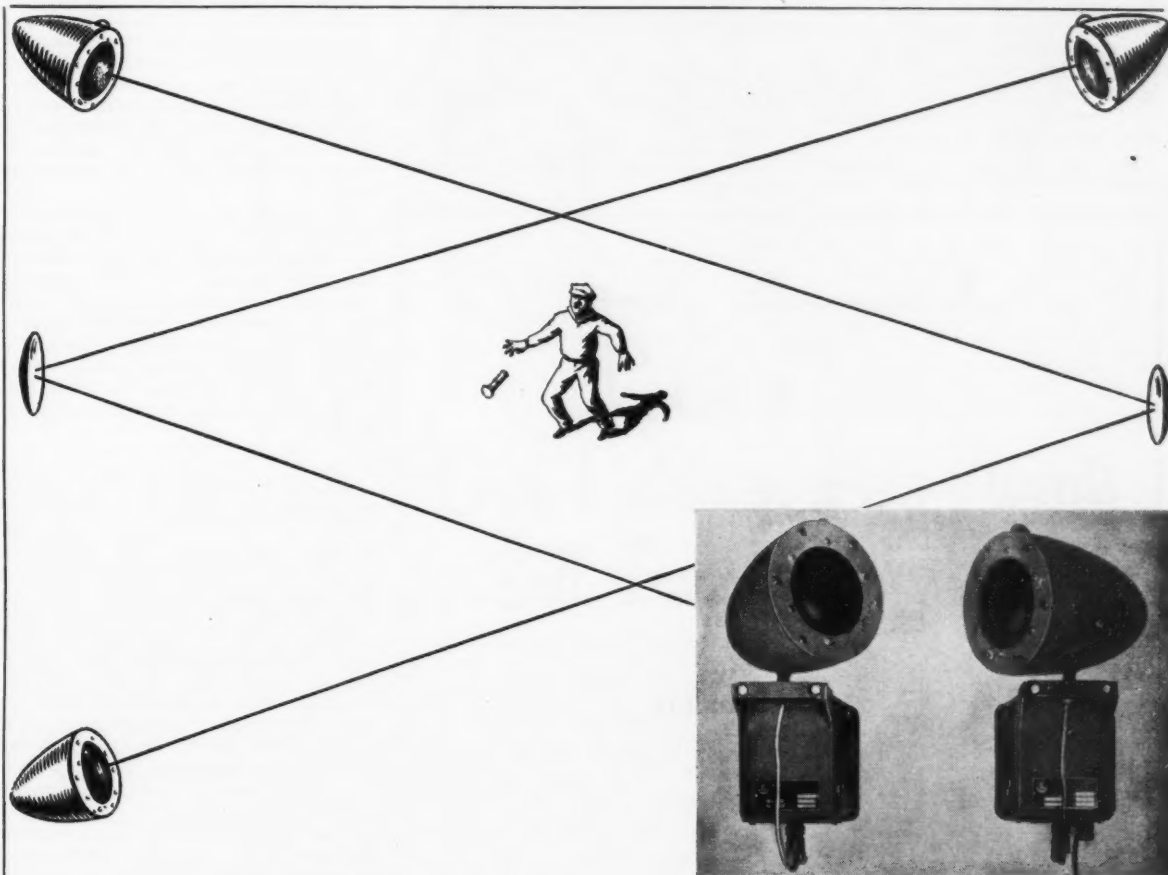
sponsible motorist, the demand for nuclear hazard liability insurance, passage of the federal flood indemnity act, and the increasing adaptation of electronics to insurance.

Mr. Schotter discussed taxation of U.S. fire and casualty companies.

Mr. Byrne urged continuous study and experiment in packaging to reduce cargo costs and losses. He also said efforts should be made to eliminate delays en route since they increase the chance for pilferage and theft. Handling procedures must be

improved to prevent breakage of cargoes which leads to theft and pilferage. Above all, Mr. Byrne warned, cargoes should be weighed and checked during all interruptions in transit. In the port of New York, Security Bureau has been fighting waterfront larceny for nine years and, in cooperation with other law enforcement agencies, has done much to reduce theft by investigating losses, acting as legal representative of complainants, inspecting cargo handling

(CONTINUED ON PAGE 19)



NEW THIEF TRAP: INVISIBLE LIGHT!

Here, at last, is real burglar protection for areas which previously were considered too spacious to protect effectively — or at reasonable cost. Its name — the Kidde Photo-Electric Burglar Alarm System. Here's how it works:

The system (pictured in the small photo) consists of a projector and a receiver — two cone-shaped units, 10½" long and 6½" in diameter.

The projector, equipped with a special filter, converts the light rays into an invisible beam of "Black" light, then transmits it to the receiver. Any interruption of this beam triggers an alarm instantly!

The system is tamper-proof. The "beam" is "modulated" — alternating at a set number of cycles per second. Any attempt to bypass the system by substituting an-

other light beam disturbs the frequency and causes the alarm to sound! Cutting off the beam triggers the system.

Using transistors instead of vacuum tubes, the Kidde Photo-Electric system eliminates tube replacement problems and minimizes service worries.

With the Kidde system, no expensive, special wiring is required. It can be installed simply and easily by one man.

Each "beam" has an effective range of up to 900 ft., and through the use of mirrors can be "bent" to an angle of 90°. This makes the system ideal for guarding out-of-doors areas and large indoor spaces.

Underwriters' Laboratory approved, the system is moderately priced. For more information about Kidde "Invisible Light" protection, write Kidde today.

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Boston Names Cowan, Burden N.Y. Managers; Makes Other Changes

Boston has promoted Robert D. Cowan from manager at Syracuse to manager at Albany and David S. Burden from special agent at Albany to manager at Syracuse. Mr. Cowan succeeds Lewis C. Moulton, new manager at New Haven.

In other New York staff changes, James A. Campagna has been appointed engineer at Albany, Robert I. Brown has been named claims manager at Poughkeepsie, Edward C. Ball has been transferred from Albany to Rochester as supervising underwriter, and Robert E. Dykeman has been promoted to chief underwriter at Albany.

Mr. Cowan joined the company in 1949 and worked as a special agent in

Albany, Philadelphia and Syracuse. Mr. Burden went to the company in 1947 as a rating analyst and later became junior examiner at the home office.

Complete 95% of La. Losses from Flossy

Hurricane Flossy losses processed by General Adjustment Bureau through its catastrophe loss headquarters in New Orleans and Houma have resulted in payment of more than \$803,000, according to James F. Miazza of Dallas, southwestern department manager of GAB.

More than 5,150 claims have been processed by the bureau, 4,450 of them by the New Orleans catastrophe loss headquarters and 700 by the Houma office.

Mr. Miazza estimated 95% of the storm operation would be completed this week.

Factory Mutuals to Limit Atom Cover to 15% of Single Loss

Factory mutuals will participate to a maximum extent of 15% of any single loss with a limit of \$1.5 million in the mutual atomic energy pool, according to Henry C. Jones, president of Arkwright Mutual Fire.

Mr. Jones, writing in the *Factory Mutual Record*, detailed plans for the factory mutuals in connection with property damage coverage for private nuclear reactors. He said that three risks covering physical damage exposures at atomic fuel fabricating plants have already been written by the factory mutual companies, with coverage reinsured in the mutual atomic energy pool. The properties are located in Virginia, Pennsylvania and Massachusetts.

Mr. Jones added that the Factory Mutuals have helped develop the forms for nuclear property damage coverage and have worked with the advisory committee of Nuclear Energy Property Insurance Assn., the stock companies' pool, on the problem. He said it is expected that property damage coverage will be identical whether insured in the mutual or stock company pool.

Mr. Jones revealed that Factory Mutual engineers have been assisting in setting up the mutual pool's physical damage engineering and inspection procedures. A complete inspection and loss prevention service for risks insured by the mutual pool will be provided, he said. Mr. Jones added that it is presently contemplated that a single rating bureau for property damage coverage will be established by both stock and mutual companies so that they can combine their experience and technical knowledge in the promulgation of reasonable rates. Since many companies in the pool do not operate on the premium deposit plan, Factory Mutual nuclear risks will not be rated on that basis but will be charged a flat premium, Mr. Jones continued.

In order to protect policyholders from the remote chance that courts might hold a nuclear reaction to be an explosion or fire, Mr. Jones said that the Factory Mutuals will probably endorse all outstanding and new policies to exclude loss caused by radioactive contamination. He expects similar action by all fire companies.

Since some current Factory Mutual risks are using radioactive isotopes in research, Mr. Jones said that the Factory Mutuals are intending to provide endorsements to those outstanding pol-

icies which will cover any loss to insured property from radioactive contamination which originates from materials or processes within the premises and which is the result of any peril otherwise insured against in the policy at an additional charge. Both the wording of the endorsement and the rates are being worked out at present, Mr. Jones remarked.

The Factory Mutuals expect to reinsure with the mutual pool any risk which, within itself, contains the possibility of massive radioactive contamination and will provide the coverage under a new broad form which will give protection against loss due to radioactive contamination, Mr. Jones concluded.

Baltimore Lawyers Back UJ Fund

Bar Assn. of Baltimore will support an unsatisfied judgment fund rather than a compulsory automobile insurance program as is being backed by a legislative council committee.

While compulsory might help reduce the number of uncompensated victims, a bar association committee said that the UJF program would provide compensation for victims of hit-run drivers, uninsured drivers from out of state, or drivers within the state who violate insurance laws, drivers of stolen vehicles and drivers who insurers refuse liability because conditions of insurance policies have been violated. The group also pointed out that compulsory liability insurance, besides increasing rates because of many undesirable risks, also presents difficulties of enforcement, with many violators causing damage before being detected.

North British to Meet Branch Managers Dec. 3

North British group will hold a meeting of branch managers in New York the week of Dec. 3, under the direction of W. L. Nolen, U. S. manager. The meeting will be highlighted by a dinner Dec. 6 for the managers and company officers at the Metropolitan club. The get-together is held annually so that officers of the group can become better acquainted with branch managers.

Brown Opens Own Office at D. C.

W. L. Brown Jr. has opened his own adjustment office in Washington, D.C. He has been in the adjusting field for 23 years, starting with the old Nichols Co. and acting for four years as Washington claim manager for Standard Accident. Most recently he has been with Charles E. Wilson in Washington.

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Texas Lists More Experience Figures on Dwelling Risks

Texas board of insurance commissioners has made public additional experience figures dealing specifically with the graduated rating principle for dwelling risks. Availability of the figures coincides with the accepted filings of a half-dozen companies incorporating the program.

The new statistics, compiled by Insurance Checking Office under orders of the board, consist of written premiums and paid losses on dwellings bracketed in four groups of total policy liability. The groups are 1, 2, 3 and 4, representing policy liability of \$1-\$5,000, \$5,001-\$10,000, \$10,001-\$15,001 and up, respectively.

Frame protected dwellings, with premiums of \$2,106,450, showed a loss ratio of 42.2%, with ratios of 74.8%, 21.2%, 4.2% and 8% for groups 1, 2, 3 and 4, respectively.

The figures include the business of all companies for the first six months of 1956, plus applications of elaborate percentage findings to the five year totals 1951-55 of adjusted earned premiums and paid losses.

The 1956 table was broken down by policy brackets into protected and unprotected dwelling risks, with the latter including fringe area risks.

Another key finding of the checking office in its analysis of 1956 premiums showed the percentages of total written premiums in each bracket of policy coverage for both dwellings and contents. The percentages were applied to the adjusted earned premiums and paid losses for 1951-55 to the policy brackets in the proposed graduated rating program.

Some persons questioned the credibility of the data because it is based on experience figures for only six months.

Central Ill. Corporate Insurance Managers Meet

Central Illinois chapter of American Society of Insurance Management met recently at Springfield, and heard a discussion on "How to Evaluate an Insurance Company," given by two representatives from Insurance Audit & Inspection Co., Indianapolis. A lively question and answer period followed the discussion, indicating that corporate insurance managers are vitally interested in the subject.

John Hirschmann New President of Surety Underwriters of Chicago

John Hirschmann of Aetna Casualty has been elected president of Surety Underwriters Assn. of Chicago to succeed P. J. Lynch of Standard Accident. Other new officers are William T. Davies of Travelers Indemnity, vice-president; Jack Newhall of Fidelity & Deposit, secretary, and Ernfred Carl-

Warns of State Fund if Business Fails to Write Compulsory

If insurers become lax in providing coverage under New York's new compulsory auto insurance law, a state fund is inevitable, Arthur H. Lamanda, deputy superintendent of insurance, declared in a talk before the insurance forum of Brooklyn law school.

Performance under the new law will be of great interest not only in New York but also throughout the country, Mr. Lamanda pointed out. He urged insurers to put private thinking aside and join efforts for the successful operation of the new law.

"Any laxity of performance which places undue burden upon the public in obtaining insurance coverage as required by the act will, in our opinion, invite an almost certain wave of proposed amendments which would call upon the state to provide a medium through which needed insurance protection may be obtained," Mr. Lamanda said.

The insurance department does not seek to have the state invade a field which has been reserved for private enterprise up to the present, he said. One sure way to prevent such an occurrence will be an all-out effort by the business to play its part in a proper manner, and, with all working in harmony, the new law can be made to operate in the public interest, Mr. Lamanda added.

Though some kinks may appear in the law at the outset, Mr. Lamanda said the business and the department can use them as a proving ground for the development of remedial legislation which will make the act a more effective public servant instrument.

Liberty Mutual Denied Writ of Certiorari

U. S. Supreme Court has denied a writ of certiorari in the petition of Liberty Mutual vs Theodore Britton, deputy commissioner of U. S. Employee's Compensation Commission, and Walter W. Hardy, employee of Westinghouse Electric Corp. The petition was filed Oct. 26.

The insurer contended that the commissioner improperly considered part-time unrelated employment, in addition to the employee's regular wages, in determining the amount of compensation under the longshoremen's and harbor workers' act.



Our Fieldmen Help Agents Sell Insurance to Value

All of our fieldmen are qualified to help you with valuation estimates. For example, Fred Boger, State Agent for The Phoenix of Hartford Insurance Companies, assisted Lawton Sargent, Jr., of the Ellithorpe agency, in New Haven, Connecticut prepare an estimate of value. This service safeguarded the owner and enabled Sargent to increase the insurance on the house by 16%. At the same time, the owner added \$2,000 on household contents. For another assist—send for our "Replacement Cost Guide."

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New officers of Surety Underwriters Assn. of Chicago pictured at the annual meeting and banquet are (left to right): John Hirschmann of Aetna Casualty, president; Jack Newhall of Fidelity & Deposit, secretary, and Ernfred Carlson of U.S.F.&G., treasurer. William T. Davies of Travelers Indemnity, new vice-president, was not at the meeting when the picture was taken.



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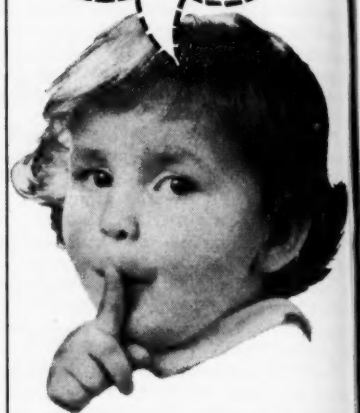
Convention Dates

Nov. 26, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach hotel, Chicago.
Nov. 26-28, American Mutual Alliance, annual, Edgewater Beach hotel, Chicago.
Nov. 29, Insurance Federation of New York, annual, Waldorf-Astoria hotel, New York City.
Dec. 2-6, International Assn. of Industrial Accident Boards & Commissions, annual, Francis Marion hotel, Charleston, S. C.
Dec. 3-7, National Assn. of Insurance Commissioners, semi-annual, di Lido hotel, Miami Beach.
Dec. 27-28, American Assn. of University Teachers of Insurance, annual, Cleveland hotel, Cleveland.

1957

Feb. 4, Insurance Economics Society of America, annual, Drake hotel, Chicago.
Mar. 1-2, Tri-State Mutual Agents Assn., annual, Penn Harris hotel, Harrisburg, Pa.
Mar. 4-5, New Jersey Assn. of Insurance Agents, midyear, Berkeley-Cartaret hotel, Asbury Park.
Mar. 6-7, Fire Underwriters Assn. of the Pacific, annual, Sheraton-Palace hotel, San Francisco.
Mar. 7-9, National Assn. of Surety Bond Producers, annual, Mayflower hotel, Washington, D. C.
Mar. 17-19, Eastern Agents Conference of NAIA, annual, Statler hotel, Washington, D. C.
Mar. 20, American Marine Hull Insurance Syndicate, annual, Board room, 99 John street, New York City.
April 7-9, Mutual Agents Assn. of New York, annual, Syracuse hotel, Syracuse.
April 11-12, Ohio Assn. of Insurance Agents, annual, Neil House hotel, Columbus.
April 15-17, Iowa Assn. of Insurance Agents, annual, Savary hotel, Des Moines.
April 22-May 1, Chamber of Commerce, insurance department, annual, Washington, D. C.
April 28-May 1, Rocky Mountain Territorial Conference, annual, Cosmopolitan hotel, Denver.
April 28-May 1, Colorado Insurers Assn., annual, Cosmopolitan hotel, Denver.
May 1-5, National Assn. of Public Insurance Adjusters, annual, Saxony hotel, Miami Beach.
May 2, Midwestern Independent Statistical Service, annual, La Salle hotel, Chicago.
May 2-4, North Carolina Assn. of Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park, Miss.
May 2-4, Louisiana Assn. of Insurance Agents, annual, Carolina hotel, Pinehurst.
May 5-7, Alabama Assn. of Insurance Agents, annual, Battlehouse, Mobile.
May 5-7, New York State Assn. of Insurance Agents, annual, Syracuse hotel, Syracuse.
May 6-7, National Assn. of Independent Insurance Adjusters, annual, El Mirador hotel, Palm Springs, Cal.
May 7, Assn. of Casualty & Surety Companies, annual, Waldorf-Astoria hotel, New York City.
May 10-11, Oklahoma Assn. of Insurance Agents, annual, Biltmore hotel, Oklahoma City.
May 16-17, Arkansas Assn. of Insurance Agents, annual, Arlington hotel, Hot Springs.
May 17-18, Texas Assn. of Insurance Agents, annual, Statler-Hilton hotel, Dallas.
May 20-22, Insurance Accounting & Statistical Assn., annual, Palmer House, Chicago.
May 21, Society of Fire Protection Engineers, annual, Statler hotel, Los Angeles.
May 22, National Automobile Underwriters Assn., annual, Roosevelt hotel, New York City.
May 26-29, American Assn. of Managing General Agents, annual, Fontainebleau hotel, Miami Beach.
June 3-4, Eastern Underwriters Assn., mid-year, Shelburne hotel, Atlantic City.
June 10-12, South-Eastern Underwriters Assn., annual, Homestead hotel, Hot Springs, Va.
June 12-15, International Assn. of A&H Underwriters, annual, Lowery hotel, St. Paul, Minn.
June 12-15, Wisconsin Assn. of A&H Underwriters, annual, St. Paul, Minn.
June 13-15, Mississippi Assn. of Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park.
June 14, Mutual Fire Insurance Assn. of New England, annual, Parker House hotel, Boston.
June 16-19, Virginia Assn. of Insurance Agents, annual, Roanoke hotel, Roanoke.
June 20-22, North Carolina Assn. of Mutual Insurance Agents, annual, Mayview Manor and Green Park hotels, Blowing Rock.
June 27-28, Wisconsin Assn. of Mutual Insurance Agents, annual, Schwartz hotel, Elkhart Lake.
July 4-6, International Assn. of Insurance Counsel, annual, Chalfonte-Haddon Hall, Atlantic City.
Aug. 15-17, Louisiana Assn. of Mutual Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park.

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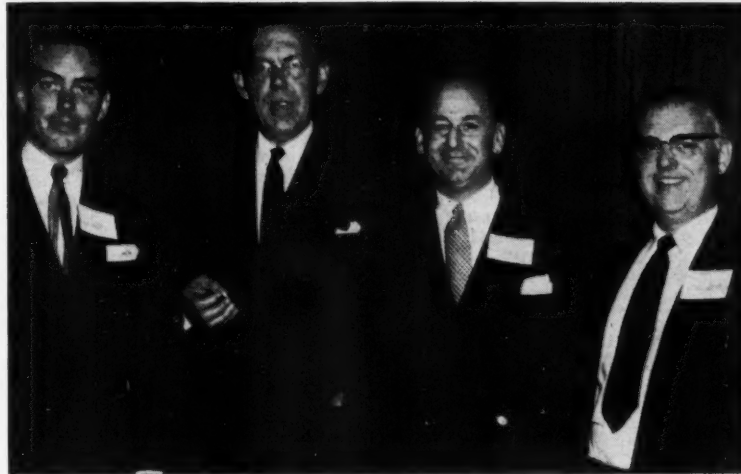
Offers Several Ways to Save American Agency System

William Dodd, local agent of Waterbury, Conn., in a letter to THE NATIONAL UNDERWRITER, offers several methods of improving the agency system. In substance, he writes:

The solution to competition from direct writers in the automobile insurance field will not be found in again raising the rates for the vast majority of drivers who are not responsible for the accidents nor the losses. Every time there is a rate increase, more good insured are driven to direct writers and cut raters.

However, there is a solution which our agency has been using since we first started in business 35 years ago. It will enable the agent to retain his present scale of commissions, but he will have to earn them by eliminating other expenses. Foremost among these are issuing of renewals in advance without regard as to whether the insurance is still desired or whether changes should be made. A leading insurer has figured that it costs its company and agent \$7.50 each to issue a policy and another \$7.50 to cancel if it isn't wanted. Many policies which are maintained need changes that also add to the cost of business. An agent rarely hears from his insured if he doesn't personally contact them at renewal time.

In our agency, after we have explained the rates, coverages and new features, we get firm orders for re-



On hand for the American Management Assn. insurance meeting last week at Chicago: From the left, B. J. Cronin, sales manager of Lloyd-Thomas Co., appraisers; A. T. Persson of Toplis & Harding; Peter W. Freilich of Corroon & Reynolds, and E. E. Goran, president of Lloyd-Thomas Co.

als and issue the policy just as insured wants it. We also have the opportunity of selling the homeowner's policy, other broader forms, and of combatting direct writer pitches. The personal contact at renewal time eliminates the \$7.50 expenses referred to above.

Terrific jury awards in accident cases and overpayment of claims is a problem more difficult to remedy; however the agent can do his share by impressing on insured the importance of reporting all claims promptly. By watching the newspapers, we learn about some accidents before they are

reported and get clippings and pictures for the adjuster. We get all the information our insured can give us and call the claimant to keep him in line until the adjuster can get to him. We sometimes make appointments for the adjuster and give him information that will be helpful along with residence and business phone numbers. This approach to claims service has been successful and commended because so few of our claims involve legal action.

Companies could also include automobile insurance in the homeowner's policy for three years, taking advantage of the \$7.50 saving per year in policy writing expense. Though three-year auto policies are deemed impractical, they are nevertheless written for collision damage on financed deals.

It is unfortunate for the agency system that no serious effort has ever been made by insurers or subsidiaries to finance cars through agents. It would seem to be an ideal plan and could be limited to exceptionally good risks selected by dependable and bonded agents. Insured and agent and company would profit by the retention of the desirable collision damage insurance which has been going to the finance companies. With the selling and collecting taken care of by the agent, the company's acquisition costs would be slight. Some of the finance companies have made millions despite their terrific expenses. Some have even formed their own insurers which have been responsible, in main, for the overcharge scandals in various areas.

Companies should also have more leeway in refusing undesirable risks and applications for assigned risks, and the rates for these should be increased, based on experience of assigned risks as a separate class.

Muncie (Ind.), Insurance Women Assn. had a question and answer contest at its November dinner meeting.

Sees Immunity of Charities in N. J. Close to Overthrow

E. E. Keeley, counsel to the claims division of General Accident and Potomac writes:

The writer, in the course of performance of his home office legal functions, has had occasion to read the article on page 35 of THE NATIONAL UNDERWRITER for Oct. 4, concerning the recent New Jersey supreme court's opinion on the liability of a charitable hospital for injuries sustained by a physician on the premises. The decision is officially reported in Vol. 123 Atlantic Reporter, 2nd, on page 10.

The writer was familiar with the case prior to reading your article and if you will permit us to say so, we feel that the article fails to highlight sufficiently a very significant portion of the court's opinion. The reference in the recent edition of "Prosser on Torts" relating to the diminishing charitable immunity is cited by the court with apparent approval, and the opinion thereafter very pointedly observes:

"We therefore prefer to await an action squarely presenting the issue before deciding the position urged by the plaintiff," i.e. the overthrowing of the charitable immunity doctrine in New Jersey. It is our feeling therefrom that the court has demonstrated that it is only waiting for an opportunity to take such a far-reaching step in a proper case, the Lindroth case not being it.

To sum up, we feel that your article probably tends to lull the reader into the belief that New Jersey is still firmly entrenched in favor of the charitable immunity theory, which does not seem to be quite true.



George J. Stewart (left), president of Stewart, Smith, is shown receiving a citation for his contribution to social work education from Mrs. George E. Brewer Jr., board chairman at New York School of Social Work, Columbia university. Speaking to more than 250 businessmen, foundation executives and social welfare leaders at the annual trustees' reception, Mr. Stewart urged that business give increased support to social work training.



Executives of W. A. Alexander & Co. at the insurance meeting of American Management Assn. in Chicago: Seated, C. J. Reuter, vice-president, and Wade Fetzer, president. Standing, John T. Even, executive assistant; F. R. Miley, assistant vice-president; John Steinbach, account executive, and Robert M. Beatty, executive assistant.

Other Insurance Restriction Rules Only on Same Cover

Insured did not limit his coverage under a fire protective equipment endorsement by purchasing two other fire policies on the same merchandise, Pennsylvania supreme court ruled in *Blue Anchor Overall Co. vs Pennsylvania Lumbermens Mutual*, 8 CCH (Fire & Casualty) 1081.

The Pennsylvania Lumbermens policy covered loss resulting from leakage of fire protective equipment. The two other policies covered loss to the same merchandise from fire but not from fire protective equipment leakage. Pennsylvania Lumbermens, admitting that its policy covered the leakage risk causing the loss, contended that the apportionment clause in the extended coverage endorsement of its policy limited its liability to \$1,466 of the \$3,933 loss or to that proportion of the loss which the amount of the policy bore to the total amount of fire insurance

carried. The lower court rejected the insurer's contentions and found in favor of insured.

The supreme court upheld the lower court's judgment, ruling that there was no other insurance unless all the policies covered the same interests and the same subject matter against the same risk. It said that insured's other policies covered a different risk and did not, therefore, constitute other insurance.

The insurer pointed to the wording in its endorsement which, it said, specified that coverage was limited if insured carried other insurance whether concurrent or not. The insurer contended that this required other insurance to be identical only with respect to the elements of ownership interest and subject matter. The supreme court, however, found this wording ambiguous.

Burton Caine, Nathan Silberstein, Wolf, Block, Schorr & Solis-Cohen of Philadelphia represented insured. Swartz, Campbell & Henry of Philadelphia were attorneys for the insurer.

Raise Objections to Rules for New Indiana Companies

Three objections to the new Indiana regulation 1956-1 dealing with formation and capital expansion of new stock companies in the state developed at a recent public hearing in Indianapolis.

Securities dealers and insurance men at the hearing declared that the new 10% maximum allowance for promotion, including commissions on the sale of new stock, is too low. "I personally could not handle an insurance offering under the proposed regulations," Robert Mayes, Indianapolis dealer, declared.

Also objecting to the reduced promotional expense allowance was Harry E. Wells, former Indiana commissioner, now president of one of the state's newest companies, American Travelers. Mr. Wells said he represented 11 companies which had grouped together to send a committee to the hearing. He labelled the 10% allowance "too strenuous."

Mr. Wells also objected to the provision in the regulations forbidding sale of new stock at a profit by the original buyer during the stock offering and for two years thereafter. Nearly all the 11 companies feel the resale restriction is unconstitutional, he reported.

Attorney Phillip Kappes voiced the third objection, which was to the requirement that records and papers now filed only with the securities commissioner be also filed with the department. "The insurance commission is usurping the authority of the securities commissioner... This would be an unwarranted duplication of effort," he charged.

Another attorney, J. M. Shannon, a former securities commissioner, said that everything the regulations seek to accomplish could be accomplished through informal conferences with the securities department "and exercise of their discretion."

In general, the hearing developed the sentiment that "something" should be done about promotional-type company formations and expansions and that the regulations are a move in the right direction, with the three exceptions noted. However, observers point out that the three items criticized are the very heart of the regulations and with them cut out or weakened, the situation—which has led to a 100% increase in new companies in the state since 1952—would be where it was before proposal of the regulations.

Commissioner W. J. Davey declared he would make his opinion known after a study of the transcript of the hearings. He appeared to take most

notice of the claim that the resale requirement is unconstitutional and of a reminder that the filing fee payable to the securities commission is 1% of the total capitalization of a proposed company. Under the regulations as written, the 1% would have to come out of the 10% maximum for promotion and commissions.

Security Mutual Raises Elsner to Officer Status



C. M. Elsner

Charles M. Elsner, with Security Mutual Casualty of Chicago since 1949, has been elected assistant secretary in charge of all company's lines of reinsurance. Originally Mr. Elsner handled both general and reinsurance accounting and since 1952 has been responsible for reinsurance underwriting.

Wash. Amends Rules for Assigned Risks

Washington automobile assigned risk plan has notified subscribers that amendments to the assigned risk rules pertaining to eligibility have gone into effect since no dissenting votes were cast. Under the new rule, six moving traffic violations in a 3-year period or one license suspension and three moving violations in three years make an applicant ineligible for assigned risk placement.

Companies and producers submitting applications for assigned risk placement must report all driving offenses, except parking tickets, for the past 36 months, and not just the offense which necessitated the application.

Crop Hail Adjustment Bureau Elects Smithy

Crop Hail Adjustment Bureau has elected W. S. Smithy of Hartford Fire chairman and J. C. Kluttz of Crum & Forster secretary, at the annual meeting in Raleigh, N. C.

Elected to the executive committee, in addition to Mr. Smithy and Mr. Kluttz, were F. L. Seaman of Rome, H. E. Pugh of American and John Wendorf of America Fore. G. R. Booker was renamed manager. The bureau operates in Virginia, South Carolina, North Carolina, Georgia and Florida and directs 250 trained hail adjusters.

Solons Accept Report on Compulsory in Md.

Maryland's legislative council, an interim study group, accepted without recommendation a controversial committee report calling for enactment of a compulsory auto law.

Many council members strenuously objected to the proposal, but it was decided that arguments on its merits should be saved for the 1957 session of the legislature.

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Production, Free Action Keys to Agents' Future

A vast opportunity lies before the company and its independent agents who will seek their reward through greater productivity rather than from a greater share of the future premium dollar, Bradford Smith Jr., vice-president of North America, told a meeting of Kansas City chapter of CPCU.

Action now is possible for those enterprising enough to make independent decisions and to carry them out regardless of the road blocks thrown in their way by the advocates of uniformity, Mr. Smith continued. Independent action may be difficult, but the rewards are commensurately great, and the right to independent action is inherent in the law.

He said his company has been unwilling to await the day when serious competitive hardship forces dramatic revisions in the insurance business system. His company has sought to advance the common interests of its agents and itself step by step through independent action, he said. Mr. Smith asserted that experience has proven that independent agents will embrace this policy with enthusiasm and will join in the development of new and better techniques in the conduct of the business.

He pointed out that the market share of stock agency companies has declined while the share of mutuals and direct writers is rising and he laid part of the blame to the stock companies' merchandising techniques. He said that the public is becoming more cost conscious, particularly with respect to standard name articles. It is developing new buying habits, and the direct writers and mutuals were quick to take advantage of this trend. They have a considerable price advantage and they school their representatives to put the accent on sales and leave the service largely up to the company, Mr. Smith continued. Direct writers have also capitalized on opportunities to cut expenses and are making use of rapid developments in the electronic field. Unfortunately, the complex operating methods have prevented agency stock companies from making the same strides in this area, he said.

For stockholder appraisal of the situation, Mr. Smith cited Standard & Poor's Indexes covering 16 fire insurance stocks, eight casualty stocks and 400 industrial stocks. Since Dec. 31, 1954 industrials have risen 34% while fire stocks have declined 6% and casualty stocks 3%. Mr. Smith quoted an investor as saying the drop has been due to growing lack of confidence in the business by the investing public.

Mr. Smith also pointed to other figures on six fire and casualty stocks showing the relation between their market price and liquidating value. The average on Dec. 31, 1954 was 94% of the so-called liquidating value, but two months ago this figure has plummeted to 67%.

Big investors are concerned over stock agency companies' merchandising methods and compare them to other methods, not only in effectiveness, but in cost, Mr. Smith said. They ask if stock agency companies have adjusted themselves to the modern buying habits of the public and want to know what is being done to get a fair share of the new mass markets being created

by rising incomes. Then they inquire why stock company prices are not competitive in many lines, and note with increasing concern the large underwriting losses.

Mr. Smith stressed that investors will insist that management take steps to insure future growth which should be commensurate with the economic growth of the country. They are not loyal to a traditional way of doing business either, he added.

Mr. Smith said the present U.S. economy is in the era of free choice or multiple choice. The shopper insists on having a variety to choose from, and the successful merchant caters to this requirement. Therefore when a segment of the insurance business seeks, by arbitrary means from within, to limit choice, to restrict the free flow of ideas, to narrow the field of decision for the American consumer, it reverses development and will shrink it in stature, Mr. Smith declared.

There are those who seek to stifle competition from independents by attacking their filings with charges that rates are inadequate, discriminatory and unfair, Mr. Smith said, while others want to force all companies into a single rating bureau with rates established on the basis of experience of all companies. Citing the SEUA decision and the McCarren act, Mr. Smith said such efforts run against the national philosophy of free enterprise, and that the unhappy alternative to competitive rates is regulation and the threat of political interference in rate making.

More productive results would be achieved by devoting every effort to an all-out attack on the problems of rate-making, Mr. Smith said. The American agency system will grow and flourish, Mr. Smith asserted. He urged independent agents and their companies to wake up and attack the problem of safeguarding their future leadership. The problem cannot be solved unilaterally by the companies on one hand and the agent on the other, however the progress so far has been in that direction. Commissions, direct billing and continuous policies may contain an important part of the solution to current difficulties, but so far companies and agents have not been able to get together on them, Mr. Smith went on. They must realize that their two principal points of weakness

—merchandising and price—cannot be overcome unilaterally.

Price does not involve the company alone, Mr. Smith pointed out. Likewise merchandising must be considered jointly, since the agent knows the public requirement and the company must provide the insurance to satisfy it. A scientific inquiry is needed to contemplate the whole agency stock company business system by minds unfettered by the traditional taboos which have heretofore stood in the way of an investigation, Mr. Smith suggested. Leaders in the agency and company ranks should start devising a set of principles which would provide both agents and companies with the protection they would look for preparatory to an unrestricted, scientific inquiry into the problems affecting the entire business system, he urged.

Johnson, Drake & Piper of Oakland, Cal., have been awarded the contract by California department of public works for construction of a new cell block building at the California State Prison at Soledad at a bid price of \$3,743,700. Continental Casualty is surety on the work.

America Fore Cited For Modernizing of Home Office

America Fore has received a citation from *Power* magazine for outstanding accomplishment in modernizing power service facilities in remodeling the home office in New York.

The extensive remodeling of the 40-year-old building was one of the largest jobs of its kind in the country. It included complete air conditioning, new elevators and new modern lighting, designed for office efficiency, economy of operation and employee comfort. The job was completed early in 1955.

Agency Acquires Texas Business

Trezevant & Cochran, general insurance agency of Dallas, will take over the Texas business and agency plant of State of Pennsylvania Dec. 1. Lester G. Spillman, state agent of State of Pennsylvania will join the agency as field supervisor. The agency will offer multiple line facilities.

James P. Baum has joined his father Edward, in the latter's agency at Battle Creek, Mich.

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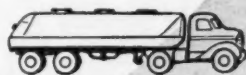
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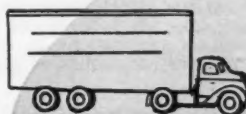
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Crop-Hail Premiums and Losses at Record

(CONTINUED FROM PAGE 1)

experience might be as many as five points worse.

Crop-Hail Assn. has been revising rates by regions of the country in sequence, but the 1956 experience has produced a need for a hurry-up in the schedule and this means revisions next year for Minnesota, Iowa, North and South Dakota, South Carolina, Georgia and Washington in addition to the regularly scheduled changes in Kentucky, Tennessee, Virginia, North Carolina, the New England states, New York, New Jersey, Maryland, Delaware, Pennsylvania and West Virginia. In the latter group of states, there will be a number of rate decreases, but the "emergency" changes will be on the upward side, and they will include statistics on 1956 business.

In 1957, Crop-Hail Assn. will begin reporting premiums and losses on a current basis, receiving reports from companies at about two-week intervals. When rate statistics are offered in the future they will include the experience of the year just ended, which will give the advantage of the most recent experience. One of the benefits of this will be that farmers who have just undergone a bad hail year will be a little more understanding of requests for rate increases. Heretofore there has been a lag of one year in the experience statistics, so that a state might

be subjected to a rate increase on the poor experience of two years ago, although the intervening year might have been excellent, and the farmers were not sympathetic. Also it has worked to the disadvantage of insurers when a rate decrease has been put in after a very bad year.

The annual meeting of Crop-Hail Association is scheduled for Dec. 14 at Chicago.

The worst results on crop-hail business were recorded in Iowa, where the loss ratio was 199.38%. Loss ratios in excess of 100% on a premium volume of more than \$1 million also were racked up in Kentucky (129.9%), Minnesota (153.0%), Nebraska (107.4%), North Dakota (102.4%), and South Dakota (150.5%).

Not all sections of the country were losers, however. The Kansas-Oklahoma territory, with a premium volume of \$5.1 million, had a loss ratio of only 26%, and the southeastern states, with premiums of \$13.5 million, had a ratio of 53.6%.

The leading state in premium volume was again North Carolina with \$9.2 million followed by North Dakota, Texas, Illinois and Kansas. Montana, which last year was the second state in premiums, dropped to sixth. This is ascribed to the abnormally good growing conditions last year in Montana

which prompted farmers to insure. The volume in 1956 was \$3.3 million, and this is about normal.

Premiums and losses by state, together with the loss ratio and rank of each state according to premium volume, as prepared by Crop-Hail Assn. in its preliminary report, are shown below.

State	Rank by Premium Income	Premiums \$	Losses \$	Loss Ratio %
Alabama	42	17,273	3,802	22.0
Arizona	16	812,248	134,821	16.6
Ark.	28	176,946	69,535	39.3
Calif.	30	165,302	128,382	77.6
Colo.	25	326,819	286,285	87.6
Conn.	24	413,157	78,730	19.0
Del.	43	8,381	10,953	130.6
Florida	27	231,200	69,756	30.1
Georgia	15	1,149,474	709,922	61.7
Idaho	18	684,884	625,623	91.3
Illinois	2	4,591,706	2,503,571	54.5
Indiana	17	727,253	500,446	68.8
Iowa	7	3,023,453	6,028,156	199.3
Kansas	5	3,704,419	940,363	25.3
Kentucky	11	1,663,087	2,160,367	129.9
La.	46	3,383	252	7.4
Maine	36	56,051	34,522	61.5
Maryland	38	44,140	42,063	95.2
Mass.	33	116,158	15,338	13.2
Mich.	35	71,547	55,155	77.0
Minn.	9	2,987,416	4,572,121	153.0
Miss.	37	46,716	4,963	10.6
Missouri	21	628,360	372,262	59.2
Montana	6	3,341,150	2,216,583	66.3
Nebraska	8	3,018,501	3,243,772	107.4
Nevada	48	734	—	—
N. H.	45	4,418	—	—
N. J.	40	20,398	3,223	15.8
N. M.	20	643,351	397,031	61.7
New York	31	137,930	95,717	69.4
N. Car.	1	9,254,972	4,515,406	48.7
N. Dak.	3	4,591,706	4,703,571	102.4
Ohio	32	130,363	102,425	78.5
Okl.	12	1,489,156	426,084	28.6
Oregon	23	426,827	138,957	32.5
Penn.	34	117,471	86,756	73.8
R. I.	47	756	529	70.0
S. Car.	14	1,393,379	1,086,125	77.9
S. Dak.	10	2,210,465	3,328,819	150.5
Tenn.	22	475,188	763,857	160.9
Texas	3	4,220,545	2,178,391	51.6
Utah	41	19,282	6,519	33.8
Vt.	44	4,500	2,761	61.3
Va.	13	1,479,700	894,235	60.4
Wash.	19	670,765	592,613	88.3
West Va.	39	40,942	6,467	15.8
Wis.	29	168,728	125,535	74.4
Wyo.	26	277,947	217,784	78.3
Totals		\$55,366,539	\$44,582,865	80.5

Since 1944, when premiums exceeded \$20 million for the first time, the premiums and losses and loss ratio of Crop-Hail Assn. companies have been:

Year	Liability \$	Premiums \$	Losses \$	Ratio %
1944	435,306,115	23,937,062	14,982,745	62.5
1945	543,038,520	29,711,042	17,286,736	58.1
1946	526,088,978	26,471,387	10,679,454	37.5
1947	672,442,527	39,478,879	18,036,419	45.6
1948	646,785,560	32,662,033	15,242,448	46.6
1949	616,697,448	34,121,500	15,842,793	46.4
1950	502,941,482	24,688,245	9,920,979	40.1
1951	701,084,373	33,962,166	20,889,235	61.5
1952	859,928,869	44,384,949	22,279,117	50.2
1953	939,715,848	44,660,102	25,534,637	57.1
1954	1,066,628,570	49,514,805	36,764,057	74.2
1955	1,217,139,949	54,759,618	34,106,624	62.2
1956	1,276,703,772	55,366,540	44,582,865	80.5

*Preliminary

Statisticians to Hold Annual Parley Dec. 14

Assn. of Casualty Accountants & Statisticians will hold its annual meeting Dec. 14 in New York City. The morning of the preceding day, the electronics committee will sponsor a demonstration of policy writing and accountants checking of the IBM 705 at 590 Madison avenue, and in the afternoon, at the Hotel Statler, a discussion will take place on recent electronic machine applications as developed by member companies or groups.

London-Manhattan Group Appoints Salt Lake GAs

Kolob Corp. of Salt Lake City has been appointed managing general agents for London Assurance and Manhattan F. & M. for Utah, Montana and southern Idaho. The Kolob Corp. has been general agents for Guarantee Ins. Co. of Los Angeles for many years. That company is now part of London-Manhattan Group.

Insurorities of Canton, O., recently marked their 25th anniversary at a celebration in a Canton hotel. Miss Mary Ellen Pixley, director, region IV, National Assn. of Insurance Women, was the honored guest. Mrs. Robert Geisinger, a charter member, read the history of the club in a form of a poem which she composed. Miss Anne Krynock, president, was chairman of the event.

Cal. Papers Make Fuss Over Commissions Paid for State Insurance

Some San Francisco newspapers have been giving considerable coverage to the distribution of \$50,000 in commissions to 28 brokers and agents for insurance sold to the state of California on buildings and 17,000 automobiles.

The newspapers reported that some who received the commissions, said to range from \$33 to \$3,992, are members of the state legislature. News stories, interviews and editorials have been written on the subject.

The papers contended that the commissions were gratuities and were not earned. Several insurance firms have taken exception to this claim, pointing out that the cost of engineering and other services which they rendered often exceeded the commissions they received.

In line with the practice of agency system companies, Director of Finance Pierce makes up a list of licensed producers who receive portions of the commissions according to their company connections. John F. Brady, insurance advisor to the finance department, said the coverage was placed by bid, with commissions running between 5 and 10% of the premium. Insurance on the 17,000 vehicles is less expensive than maintaining a legal staff to handle the claims, he said.

Gov. Knight said the present system has been maintained for many years. He said former Gov. Warren turned the entire matter over to his finance director. Gov. Knight said he has followed Gov. Warren's program, does not know who received the commissions and does not believe anything illegal is involved.

Southeastern Hail Group Elects Pugh

Southeastern Hail Conference has elected Harold E. Pugh of American of Newark president to succeed W. J. Robertson of Rain & Hail Insurance Bureau.

Other new officers are John C. Klutz of Crum & Forster, vice-president; T. G. Peterson of Great American, secretary-treasurer, and John Wendorf of America Fore, Dorman L. Williams of Blue Ridge, Fred L. Seaman of Home, W. Scott Smith of Hartford Fire and Mr. Robertson, executive committee members. The conference is composed of representatives of stock fire insurers writing crop hail cover in Virginia, North Carolina, South Carolina, Georgia and Florida.

Wis. Insurer Creates, Fills Post of Medical Director

Dr. O. T. Mallery Jr. has been appointed to the newly created position of medical director for Employers Mutuals of Wausau, effective Feb. 1. Dr. Mallery has been on the medical faculty of the University of Michigan since 1941 and since 1951 has served as the director of the university's Institute of Industrial Health.

Two WC Papers Reprinted

Casualty Actuarial Society has reprinted two papers from its proceedings, "Workmen's Compensation Rate-making," by Ralph M. Marshall of National Council on Compensation Insurance, and "Workmen's Compensation Injury Table and Standard Distribution Wage Table," by Barney Fratello of National Council. They are available from the society at 200 Fourth avenue, New York, 3, N. Y.

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Insurance Leaders Exchange Views in Argentina

(CONTINUED FROM PAGE 11)

and storage areas and making loss prevention suggestions.

In 1955 government regulation gained in some areas while free enterprise asserted itself in others, Mr. Pugh said in a report on the progress and defense of private insurance in the U.S. The most prominent effort was the cooperation of the business with commissioners to strengthen state regulation of A&S and prevent further regulation by the federal government. Mr. Simmons outlined Liberty Mutual's approach to accident and loss prevention, which encompasses post-accident treatment to reduce the severity of loss and obtain as near perfect recovery as is possible. Through industrial medicine and the use of doctor services, the gap where solutions to accidents seem quite difficult is being bridged. An industrial hygiene laboratory searches for answers to noise, dust pollution, industrial chemical problems and has developed new ventilation systems and has made great strides in industrial noise reduction. However, the company's most important recent advancement, Mr. Simmons said, is the rehabilitation program.

Mr. Toelle said that where private insurance is allowed to write workmen's compensation and compete with state funds, the companies have clearly demonstrated their ability to provide more rapid and even more economical service than the state.

Commenting on automobile insurance in the U.S., Mr. Toelle said one of the major problems is accident frequency due to driver carelessness, poor maintenance of vehicles, poor traffic control in cities and poor maintenance or construction of highways. Insurance men can work toward the solution of these causes by bringing them to the attention of business leaders, public officials and the people.

A major reason for the consistent underwriting losses is the continuing availability of forms providing coverage for collision damage from the first dollar of loss. It is too difficult to secure an adequate rate for such coverage, he said. There is an element of expense in opening a claim file, and it is not economic for a company to pay a loss that is little more than the cost of opening the file. These small losses and claim expenses distort the loss ratio, he declared. Insurers must adjust their rates and persuade insured that it is better business to bear the small loss.

Mr. Hall said the most obvious way to prevent a surety loss is to obtain collateral security. A reduction in rates is provided where certain classes of bonds are fully secured by collateral of cash or securities. Collateral, in large amounts, is more easily furnished by a bank letter of credit giving the

surety the right to draw on it under specified conditions, but the surety must be careful to renew these short-term letters before expiration.

Other collateral consists of life insurance policies, bonds, stocks or property. Another type is the indemnity of a financially responsible person or corporation other than that of the principal. Sometimes the applicant for a bond is heavily indebted to a certain individual or company and, except for that indebtedness, would qualify for the bond. In such cases it may be adequate to obtain from the creditor a subordination agreement under which the creditor agrees not to accept payment until after the bond obligation has been filled and to give the surety priority over its claim in insolvency.

A necessary safeguard, Mr. Hall said, is to require the bond applicant to carry underlying insurance to cover hazards for which the bond makes the principal and surety responsible.

Growth of contract suretyship in the U.S. in the past few years has been tremendous due to increased construction, and the volume of premiums produced through this line has grown tremendously, Mr. Hall pointed out. No line of suretyship, however, is fraught with more hazards than construction contract bonds, and while enjoying the benefits of increased premiums, all companies have been beset with far beyond normal losses.

The future of aviation insurance is tied to the fortunes of the aircraft industry, Mr. Van Hoven said. Underwriters must be entirely familiar with the requirements of the aircraft industry, bear the catastrophe hazard in mind at all times and be concerned about developing proper facilities to meet future requirements.

It is a highly specialized form of underwriting with a constant catastrophe hazard since destruction of one highly valued aircraft or several at one location may be equal to a high percentage of the total premium income of the underwriter for any given year. This catastrophe hazard, coupled with the fact that there is little regulation of aviation insurance rates, encourages insurers to develop progressive measures that contribute to stability, he said.

Mr. Kirkpatrick, general secretary of the hemispheric conference, summed up accomplishments at the current session and said that a large amount of publicity has been won not only in Argentina but throughout the rest of the world for the benefit of private insurance and its services. He said the conference has greatly improved its lines of communication for the future to facilitate individual exchange of information among the executives and companies of the various countries.

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N. Y. Department Eyes Proposals to Alter Law

(CONTINUED FROM PAGE 7)

preexisting policy is involved, or automatically covering the gap in event of a claim without going through the paper work of issuing endorsements.

If the problem is serious, and he doubts that it is, a suitable provision covering the gap could be incorporated in the text of the package policies.

One difficulty in making a statutory change is that New York fire policy is used in some 44 states.

If uniformity is necessary, Mr. McCullough said, it would be considerably easier to change the casualty policies, which are not statutory. If New York changes the fire policy, a considerable problem is posed by policies covering in more than one state. Presently the problem affects only residential business rewritten on homeowners or CDP, and even here affects only those customers with a pre-existing theft or liability cover.

If the fire policy were changed, the term of each policy would be increased by 12 hours, and every fire expiration record of producer, bank and insurer would have to be changed. The other alternative, to reduce the period of the policy by 12 hours, would also create difficulties.

Turning to statutory remedies for alleviation of minor problems created by the new package concept is apt to be somewhat dangerous, Mr. McCullough believes. The right solution has to be hit upon at the first attempt, otherwise the change becomes imbedded in the statutes and is a relatively permanent requirement. The proper approach is to let the business use its own ingenuity to overcome minor wrinkles such as this. If the business can't do it, then would be time enough to turn to the legislature.

Max Rakofsky of Brooklyn Brokers Assn. suggested that all policies terminate at noon. The 12:01 a.m. expiration is confusing to insured. Also, the producer's office is open during the day, the companies are open for business, and this is advantageous when time is short for replacing coverage.

Max Klotz, chairman of the brokers' joint council, said that noon gives the producer extra time to get coverage in case of cancellation.

Mr. Murphy perfers the midnight expiration because of so many policies that cover workers, and for other reasons. Mr. Wagner said this was so.

The giving away of insurance as an inducement to buy goods, which is now prohibited in connection with life, A&S, and annuities, would be prohibited with respect to all other lines by the proposal to change section 46.

Apparently the insurers do not object to the proposal. Mr. Wagner expressed some concern that unless the language is carefully drawn certain unobjectionable practices, such as guaranties in connection with commodities, will be done away with unintentionally.

J. Raymond Berry, general counsel of National Board, suggested that words used in the proposal, "in connection with," might be eliminated, and if they were, his organization would be content with the proposal. He wondered if section 46 was the proper place to effect the prohibition.

Companies objected to the proposal to limit to two years the time for which domestic mutual and stock insurers may enter into an arrangement with an officer, director or employee with respect to salary, compensation or other

emolument. There is presently a limitation in the law applicable to life insurers.

Mr. Murphy pointed out that this would put New York companies at a disadvantage with out-of-state companies in competing for talent. Mr. Wagner said it would seriously hamstring the operations of companies, and Mr. Berry agreed.

Mr. Lamanda said the life companies have been operating under this restriction and do not seem to have had any trouble. Mr. Berry pointed out that under multiple line operations it is harder than ever to get good men, and this restriction would make it more difficult. A statutory remedy is not the solution. There are other ways for the department to reach abuses of authority by insurer officers or directors, and he suggested that the department, which appears to be interested in the proposal, seek relief administratively.

Mr. Malang asked what the department could do if an officer of a company had a 7-year contract and the department finds fault with his performance. Mr. Berry replied that the contract would not supervene the duty of the director or officer to his company nor prevent the department from acting to get rid of him.

Norman Lustig of Consolidated Mutual wondered what the limitation would do to deferred payment plans. These are fairly widespread today. Mr. Lamanda pointed out that such a plan generally is subject to approval of the department before it goes into effect.

Another proposal would give insured the right to ask for an appraisal, a right that presently rests with insurer. Mr. Berry said this is a disarming suggestion because it seems to have the element of fairness, but it is not so innocent. At the time of loss insured knows all the facts, and the insurer starts out knowing practically none of them. An extremely small number of property losses go to suit, and a considerably lesser number go to appraisal. He also warned that a change in New York would affect the many other states that use the New York statutory form. Such a proposal would actually bring about a considerable change country-wide in the way fire business is done.

Although there was no indication as to who made the proposal, some brokers supported the suggestion a security fund be set up to cover insurances other than motor vehicle liability, public motor vehicle liability, workmen's compensation, non-occupational disability and life. Harold Fleischer, a Brooklyn broker, spoke in favor of it for the protection of the public. Mr. Berry opposed it.

George Sullivan of the General Brokers Assn. said the brokers' joint council did submit a proposal for a security fund covering third party liability, such as OL&T, boiler, etc.

C. Fred Ritter of Middletown, president of New York State Assn. of Insurance Agents, said the proposal was much too broad.

William Gould of the department asked if a property insurance guaranty corporation resembling the fund in the life business would be acceptable. The idea here, he said, is to prevent insolvency, and not to act after an insurer is insolvent. Mr. Berry said he believed his position would not be different, that a fund or a guaranty corporation would have similar results in

debasing the standard of performance of those in the business—producers, companies and insurance departments—when they know that whatever judgment they exert, it is not going to hurt anyone. Mr. Wagner also opposed the suggestion.

Mr. Murphy objected. He pointed out that self insurers and Lloyds would not be required to contribute to the fund, yet the contribution would have to be reflected in the rates, which would put domestic insurers at a further disadvantage in competing with London Lloyds.

George Ort of Insurance Brokers Assn. of New York State said that his organization would oppose the idea. For one thing it would tend to relax the broker in the exercise of his responsibility to insured to place business in sound companies.

Mr. Mertz and Mr. Wagner opposed the idea of extending state funds in this manner.

The several proposals dealing with problems created by insurer insolvency produced plenty of discussion and a considerable difference of opinion. Producers generally favored some means



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by which policyholders caught in a busted insurer can get their insurance replaced, at least.

One proposal would empower the superintendent, as liquidator, to reinsure policies of the insolvent insurer. Alfred C. Bennett, special counsel of the liquidation bureau of the department, said he did not oppose the reinsurance of outstanding policies if the company was still in existence, even if the insurer were on the brink of rehabilitation, as in the case of the fraternal, International Workers Order. But if a company has gone into liquidation, if it has been declared insolvent, then the liquidator has no authority to take money out of assets and prefer policyholders over other creditors by buying reinsurance for their account.

Irvin Waldman of the liquidation bureau said that such a permissive clause would turn out to be mandatory because it is very likely that there would be great pressure for reinsurance.

Alex Goldburger of Greater New

York Brokers' Assn. said that there is a matter of faith with insured involved here, and that the superintendent has responsibility in connection therewith, as well as producers. Also, how is anyone to say when a company becomes insolvent, actually. Certainly there is needed a redefinition of what constitutes an unearned premium reserve. Mr. Klotz and Mr. Ritter both spoke in favor of this.

Producers generally supported the proposal to amend section 74 to make unearned premiums trust funds and to be so ear marked so that in event of insolvency the superintendent could use such funds to replace coverage for policyholders affected. A companion suggestion is to amend section 125 so that in case of liquidation, agent or broker shall pay to the liquidator only earned premiums and apply the balance to replace cover in a going insurer.

Mr. Berry opposed the unearned premium proposal. It would be very troublesome, he said, and observed that if unearned premiums are impressed with the character of trust funds, the producer would have to put up a share of the unearned premium to the extent of his commission.

Robert N. Douglass of Potsdam, representing New York State Assn. of Insurance Agents, recommended reenactment of the old section 23, which was repealed in 1932, and which directed the receiver to reinsure, with the approval of the superintendent and attorney general, or reinsure as much of a percentage as the assets of the defunct company permitted.

Representatives of all the insurer and producer organizations on hand indicated they wanted to be in on the conference with the superintendent when he deals with this subject.

A proposal that section 121 be amended so that a broker shall be accountable to the insurer for collection of premiums elicited the explanation from Mr. Bennett that in the Zanger case the court decided the broker was a double fiduciary with respect to money collected from insured but not yet remitted to the insurer, in case of insolvency at that point. This proposal would make the broker responsible to the insurer for the whole amount.

Mr. Waldman described the difficulties created by the Zanger decision. One thing the decision does is to impose on the broker additional responsibilities, in case an insurer fails; for example, he may be liable to insured for the unearned premium. Under certain circumstances, he said, there might be a rash of suits by policyholders against brokers. The department might have to set up certain financial standards for the broker to meet before he is licensed.

The brokers generally contended that the Zanger decision is good law.

The proposal to make the law's educational requirements inapplicable for bail bond agents was supported by representatives of those special insurers. Also, E. C. Braynard of American Credit Indemnity asked that agents of his company, which specializes in credit insurance be relieved of the educational requirement.

Mr. Goldburger objected to another proposal, to permit temporary agent licenses while the agent is learning. If an agent is temporarily unqualified, he pointed out, he is not prepared properly to advise the public on coverage.

Mr. Douglass strongly opposed this suggestion. Mr. Murphy said it would

Says Nuclear Ships Will Be as Safe as Conventional Types

Nuclear-powered ships will not be appreciably more hazardous than conventionally-fueled ships, Richard P. Godwin, project manager for the nuclear-powered merchant ship of Atomic Energy Commission and Maritime Administration, told a New York meeting of Maritime Underwriters Assn.

While it is true that the new hazard of radiation has been introduced into commercial shipping, it is not an insurmountable difficulty if ships are designed and crews are trained to meet the problem, he added. There will also be the necessity of developing various construction, operation and safety codes and of establishing requirements for shore facilities and the actual provisions of such facilities, Mr. Godwin said.

Foremost, however, there is the need to achieve acceptance internationally to permit a nuclear ship to operate in foreign trade using ports and facilities throughout the world, he continued.

The two governmental agencies in charge of building the ship are aware of the potential hazards, but feel that properly trained people should be able to operate nuclear ships safely without difficulty, Mr. Godwin assured the underwriters. Operators apparently don't have to have elaborate technical backgrounds, he said. The day-to-day control of the largest reactors the AEC operates is, in many cases, entrusted to operators who, while expertly trained for their jobs, have had no academic or other previous background in nuclear energy, Mr. Godwin observed.

Pacific Board Holds Mid-Year at San Francisco

The mid-year meeting of the Pacific Board which convened in San Francisco recently heard an outline of subjects and projects that were considered at the annual meeting in May. This included reports from Peyton Alverson, Northern Assurance, president, and three discussion groups. The second day of the two-day session included discussion of underwriting trends and rate levels.

be advantageous to larger companies but would work to the disadvantage of smaller ones.

Another proposed piece of legislation would require disclosure of the charges for insurance, and one to require mortgagee to state the amount charged for the premium. The latter would also prohibit combination of the premium with a credit service charge.

One proposal is to amend section 122 to permit the superintendent, after consultation with insurers, to set up an advisory board on excess lines. Such lines would have to be submitted to the board and approved by it.

Jack Hyman, president of Citizens Casualty spoke for the suggestion, and Mr. Berry favored it. Mr. Ort pronounced it cumbersome.

With this last observation Barclay Shaw of National Assn. of Insurance Brokers agreed. It would be impractical and an undue restriction on the right of insured to get coverage. He conceded that admitted companies have their rights in the situation but he believes there are other, more satisfactory ways of attacking the problem, which will be put forth later. The problem is that certain abuses, particularly the use of surplus line placement to gain price advantage, have cropped up in this field.

Name Commissioner In S.D. to Complete Unexpired Term of Burt

Don Mitchell, for 19 years on the staff of the South Dakota insurance department, was named commissioner last week to succeed George O. Burt, who has gone with Farmers Mutuals of Madison. Mr. Mitchell has been acting commissioner since Mr. Burt's resignation. He will fill out an unexpired term which ends next July 1.

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EDITORIAL COMMENT

Good Time for Young Starting Out

At few if any other times in the history of the business have circumstances been so favorable for the young agent to break into the business. This observation was made recently by a young man still in his 20s who rather rapidly has established himself and built a good business.

In former years, the agent starting out might take one of the casualty lines because these were relatively new, and use it to pry up some sales and get his local, independent business under way. At one time the popular line for this was automobile, particularly third party liability. Later on it was A&S, then comprehensive personal liability. Several policies in the commercial field, such as the storekeepers, could be used to break into the smaller mercantile field. Or, he might take the personal property floater and tackle the market.

But today every line is subject to competition. Notably, this is true of the fire business, both commercial and dwelling, which was not so in former years. The fire line probably has been the most stabilized of all the lines. A company that had a good fire volume on its books did not have to worry too much about competition. It renewed year after year, or term after term. Because of the first party relationship between insurer and insured and because of the subject matter of the insurance, the insured's own property, it was not too easy for a newcomer to break into the fire business.

But with the package policies in the dwelling field, special forms, mercantile block commercial property, manufacturer's output, and dealer floaters, the newcomer, the aggressive competitor, has a real pry bar with which to attack almost every piece of business.

It is hard work for the established agent to keep up with all of the changes that have occurred, but for the new agent who knows that he has to invest a lot of extra energy and effort, the rewards have been substantial. On the other hand, the older agency has found itself in a position where it could not maintain the status quo, it has had to get into the modern competitive fray, or run the serious risk of going into a decline. Companies find themselves in a somewhat similar position. Those that are aggressive or hungry, or both, have a variety of means with which to attack the market and bid for business. Other insurers that for one reason or another have been content, are not being al-

lowed their contentment. They have had to assume a defensive or offensive position.

Undoubtedly, mistakes are going to be made. There will be some blood-letting on the underwriting side. Some things now being used and tried will not work as projected.

But in general the heightened activity of the last two or three years already has resulted in what must be termed over-all benefits for insured, agent and insurer. New business has been written not on the books before, more adequate coverage has been placed. With more selling, advertising, discussion, and experiment, the public has received more information and ideas about insurance than in many a year. Members of the public are talking about insurance as they do other things they buy, use or need.

The public has been induced to become better protected today than a year ago or five years ago. In addition, because they have had to deal with new, varied, and more numerous problems and difficulties, the insurance people themselves are learning more about insurance and are doing more thinking about it than for a long time.

Oil Insurance Assn. Makes Staff Changes

Oil Insurance Assn. has appointed Roy B. Williams assistant resident manager at New York. He has been special representative in Chicago for four years, formerly was in Los Angeles and previously was with Kentucky Inspection Bureau.

William F. Notzelman is being transferred from New York to Chicago. He formerly was in the oil refining and fire protection fields in the east.

Frank M. Willson has joined the New York staff. He was with California Oil Co. in New Jersey as a chemical technician.

Henry D. Briggs and James B. Welch have joined the Dallas office. They both were with Louisiana Rating and Fire Prevention Bureau.

Two Promoted by General Accident

General Accident group has appointed Earl McCloud and Frank O'Donnell assistant superintendents of casualty claims at the home office.

Mr. McCloud, who has been with Aetna Casualty in St. Louis, Kansas City and Chicago, will supervise automobile and liability claims. Mr. O'Donnell, who has been with General Accident since 1938, will supervise workmen's compensation claims.

Field Men Can Be of Real Assistance to Agent's Success

Understanding the functions of field men and requesting their assistance at the proper time can importantly aid the agent, Joseph C. Hagan of Rockville, Md., told graduates of the 158th session of Aetna Casualty's sales course at a dinner.

Mr. Hagan, who was graduated from the Aetna school in 1952, said that field men have provided invaluable help to his agency through their knowledge of additional technical information and sales promotion techniques.

He stressed the need of young agents to broaden their acquaintances, and urged those about to launch their careers to make the maximum number of calls each day as the only way to insure reaching production goals during the early years.

The class was led by Arthur O'Halloran of Waterville, Me. Other blue ribbons for high scholastic standing went to James T. Moore Jr. of Hartford, James Lenihan of San Francisco, Robert Pierson and Robert C. Buell of Hartford, and Richard W. Squeri of Branford, Conn. Gold ribbons for demonstrating outstanding soliciting techniques were awarded to Charles G. Perry of Los Angeles, Messrs. O'Halloran, Squeri and Moore, Vincent Mancuso of Detroit, Gerald J. McLees of New York, Armond Schneider of Denver, and Philip G. Camp of Norwich, Conn.

The Charleston, W. Va., office of General Adjustment Bureau has been relocated in the 1033 Quarrier building.



Frank A. Christensen, (left) chairman of America Fore, is shown receiving Department of Defense reserve award citation from Rear Admiral M. E. Miles of the navy for the group's outstanding cooperation to reservists and reserve activities of the armed forces. The group was cited for its uniform policy of granting military leave to all employees for the performance of required active duty.

Turns Down Graded Fire Rates in Fla.

Commissioner Larson of Florida has denied a rate filing by Southwest General which proposed a system of graduated fire rates on dwellings. The department granted the company a hearing after the filing was disapproved. The company's proposed filing was rejected on grounds there is insufficient experience on graduated rate structures for fire insurance in Florida.

Mr. Larson has undertaken a study to determine the feasibility of a graduated fire rate structure and has requested fire statistical agencies to cooperate in providing information.



Dave Garroway talks with six local agents and their wives during one of his morning TV shows. The group thanked the TV star on behalf of agents throughout the country for his efforts in making the public more aware of the agents' role in the community. North America, one of the program's sponsors, was host to the group in New York over the weekend. In the picture with Mr. Garroway are Mr. and Mrs. Robert Vance of Louisville, Mr. and

Mrs. John A. Dudley of Battle Creek, Mr. and Mrs. Walter Scott of Omaha, Mr. and Mrs. Charles Thompson of Stockton, Cal., Mr. and Mrs. John Russell of Binghamton, N.Y., and Mr. and Mrs. Dorsey Kinnamon of Wilmington, Del. The agents were selected at random from those who produced business in a 3-week campaign recently conducted by North America. The campaign resulted in putting \$750,000 of homeowners liability on the books.

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PERSONALS

Frank M. Bullen, vice-president and secretary of U. S. Casualty has marked his 40th anniversary with the company. He was guest of honor at a luncheon given by fellow officers and employees in the Lawyers club in New York. Mr. Bullen began his insurance career with Casualty Co. of America. In 1916 he joined U. S. Casualty. He is widely known in the casualty field and has contributed much to underwriting and rate making developments. He is a member of the casualty advisory committee of Assn. of Casualty & Surety Companies and served on several committees of National Council on Compensation Insurance.

Phil J. Braun of Braun & Braun agency of Flint and former president of Michigan Assn. of Insurance Agents, has been awarded a distinguished service certificate by Flint Child Guidance Clinic for his service to the clinic.

Chris C. Meyer Jr., agency superintendent of the eastern department of Pearl, was guest of honor at a luncheon given by company officers to mark his 50th anniversary in the insurance business.

Miss Mary Jane Carlisle, independent adjuster at Montgomery, was the subject of a feature story in the *Alabama Journal*, Montgomery newspaper. In the business since 1943, she is the only woman adjuster in Alabama and one of the few in the country.

William M. Bullitt, prominent insurance attorney and a trustee of Mutual of New York, lost a large sum of money when burglars broke into a safe in his home in suburban Louisville.

DEATHS

WILLIAM F. WATSON, 80, who retired in 1947 as vice-president of Globe & Rutgers, died at his home in New York City after a short illness. He began his insurance career in Chicago as office boy at 13.

He was with Northern of England's western department, as special agent in Oklahoma City, and later traveled for Hartford Fire in Oklahoma and Indiana.

In 1918 he went to the western department of Aetna Fire, and as first assistant manager organized its sprinklered risk department in Chicago. He supervised the writing of sprinklered risks and the automobile department. In 1925 he organized Aetna's inland marine department.

In 1927 he went to New York as vice-president of the predecessor company of American Home.

V. L. ZIMMERMAN, 60, former Crum & Forster state agent in northern Illinois, died after an extended illness. First employed by Westchester Fire in 1926, Mr. Zimmerman retired in 1951 and moved to Dunedin, Fla.

ABRAHAM ARNDT, 87, New York insurance broker, died at the College nursing home in Queens.

CHARLES E. ROSE, 77, with Western Actuarial Bureau since 1932, died Monday after an operation for a stomach ailment. He started at 13 as an office boy with Union Office, now Western Underwriters Assn. Prior to

joining Western Actuarial Bureau, Mr. Rose was an inspector for Illinois Inspection Bureau.

ARTHUR O. DAVIS, 74, retired vice-president of American Surety, died in a private hospital in Atlanta after a long illness. He had been with the company 45 years before retiring several years ago.

JOHN F. COLLINS, 45, claim manager at Flint, Mich., for Ohio Casualty, died at his home in Lake Fenton.

MRS. JOHN A. O'SHAUGNESSY, 84, whose late husband was at one time Minnesota commissioner and later was president of Minnesota Mutual Life, died at Minneapolis.

ARTHUR G. STANTEN, 71, whose death was reported last week, had been in the insurance business for 50 years when he retired in September as su-



ARTHUR G. STANTEN

perintendent of the fidelity and surety department of Phoenix Indemnity and London Guarantee. He started in 1906 as a fire underwriter for Home in Chicago, and in 1913 joined American Surety. During the first war he was in the navy, and then for a time was in charge of the surety department for Marsh & McLennan at Minneapolis. From 1919 to 1938 Mr. Stanten was associate manager of Fidelity & Deposit in the office of Conkling, Price & Webb in Chicago. He then joined Lumbermens Mutual Casualty as vice-president in charge of the fidelity and surety department, in 1942 going to New York as vice-president and director of Excess. He established the fidelity and surety department of Phoenix Indemnity in 1944.

THOMAS J. HOAR, 53, a director of Hamilton Mutual of Cincinnati and secretary-treasurer for a number of years, died at his home there. He had been with the company for 36 years.

HENRY N. PLATT, 68, local agent of Philadelphia, died there after a long illness.

GEORGE WEIR, 80, former Canadian manager of London Guarantee for 25 years, died in Toronto after a short illness. He retired in 1936.

EDWARD L. POLLARD, 62, a member since 1930 of the Harry M. Shell agency of Battle Creek, Mich., died.

JOHN D. DOWNES, 38, a member of the Seattle district manager's office staff of Kemper companies for four years, died after a brief illness. He

joined the Kemper organization as a fire underwriter at Seattle in 1952.

DAVID W. LEE, 46, local agent at Smithfield, Republican nominee for North Carolina insurance commissioner this year, died suddenly of a heart attack.

Chicago A&H Men Hear McConnell on Advertising

Richard McConnell, vice-president of Vaughn, Thain & Spencer, Chicago advertising agency, said that the only way for the accident and health industry to get along with recent decisions of the FTC is to make use of both newspaper space advertising and direct mail advertising realistically.

Speaking on "Advertising Under the Shadow of the FTC" before Chicago A&H Assn., Mr. McConnell said the FTC code take the "emotional wallop" out of A&S advertising, prevents the use of traditional advertising procedures and presents a dangerous precedent in dealing with other fields of advertising that have not been subject to such comprehensive rules.

The FTC turned its guns on A&S advertising, Mr. McConnell said, because some companies in the past have based ads on misrepresentation. It has been unfortunate that the industry has not met the FTC head on as have some other industries under attack for their advertising, such as the tobacco industry. The unfavorable publicity that A&S has gotten has not been met equally by favorable publicity. One of the most important reasons for this lack of favorable publicity, Mr. McConnell said, is that the insurance industry has spent little on public relations and advertising in comparison to its size.

He suggested that the way to meet the requirements of FTC and still do effective advertising is to sell the need for A&S in newspaper advertisements and sell the particular policy by direct mail. The policy cannot be sold in a newspaper without the ad looking like a legal notice because of the FTC rules but through direct mail the policy can be completely described and thus conform to the code.

John A. Sonin, Fireman's Fund, introduced the speaker. Frank O. Watt, Washington National, announced that the annual orphans Christmas party will have Fran Allison of TV and Jim Rivera of the White Sox as well as other personalities of the sports and entertainment fields as attractions.

New Jersey Fieldmen's Assn. heard talks by Fred W. Doremus and Alan Cantrell, manager and assistant manager respectively of Eastern Underwriters Assn., at the November meeting in Newark.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, Nov. 27, 1956

	Bid	Asked
Aetna Casualty	119	121
Aetna Fire	61 1/4	62 1/4
Aetna Life	174	177
Agricultural	28 1/2	30
American Equitable	31	32
American, (N. J.)	23	24
American Motorists	10 1/2	11 1/2
American Surety	17 1/2	18 1/2
Boston	32	33
Camden Fire	25	26
Continental Casualty	81 1/2	83
Crum & Forster com.	58	62
Federal	35	36
Fire Association	45	46
Fireman's Fund	49	51
Firemen's, (N. J.)	33	34
General Reinsurance	43	45
Glens Falls	68	70
Globe & Republic	17 1/2	18 1/2
Great American Fire	32 1/2	33 1/2
Hartford Fire	144	147
Hanover Fire	38	39
Home (N. Y.)	40 1/2	41 1/2
Ins. Co. of No. America	93 1/2	95
Maryland Casualty	32 1/2	33 1/2
Mass. Bonding	27 1/2	28 1/2
National Casualty	63	Bid
National Fire	88	90
National Union	38	40
New Amsterdam Cas.	39	40
New Hampshire	37 1/2	39
North River	32 1/2	33 1/2
Ohio Casualty	22 1/2	24 1/2
Phoenix Conn.	65	66
Prov. Wash.	19 3/4	20 3/4
St. Paul F. & M.	48 3/4	50
Security, Conn.	33	34
Springfield F. & M.	44	45 1/2
Standard Accident	48	49
Travelers	69 3/4	70 1/2
U.S.F. & G.	65	66
U. S. Fire	24	25

Ia. Commissioner, Two Members of Texas Board to Leave NAIC Ranks

Prospects for a replacement for Commissioner Oliver P. Bennett of Iowa appear more definite with the announcement by the new Democratic governor, Herschel Loveless, that he will call a special session of the legislature. Mr. Bennett was named for an interim appointment in October of 1955 after the death of Charles R. Fischer, who has been reappointed to a four year term effective July 1, 1955. Mr. Bennett's appointment was not confirmed by the legislature, and as a result his term will end 30 days after the legislature convenes Jan. 14.

Indications are that there will be two appointments to the Texas board of insurance commissioners as word circulated that J. Byron Saunders, chairman of the board, will resign to join Republic National Life of Dallas. Morris Brownlee, whose term expires in February, is not expected to be reappointed and is not seeking reappointment.



Herbert J. Lorber, president of Rollins Burdick Hunter Co., at the party RBH traditionally gives for buyers attending the insurance section of American Management Assn. in Chicago with E. J. Flood of International Harvester, A. B. Palmer, executive vice-president of RBH, and E. S. Marsh of the Santa Fe railroad.

There was no lack of company personnel at the Indiana meeting. The directory in the lobby of the Claypool hotel listed 60 company headquarters rooms, most of them in the Claypool, so that this hotel was one of the most active in the city for three days and three nights.

John O'Hara of the Indianapolis law firm of Olive, Knox, O'Hara & Crise was making his first visit to an Indiana meeting in his new role as counsel for the association. He replaces Alvin C. Johnson of Indianapolis, who died just after the annual meeting last year after having served as counsel since 1939.

WANT ADS

Rates—\$20 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 5 P. M. Friday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER

REGIONAL FIELD EXECUTIVE

This progressive, century-old New England mutual insurance company, writing multiple line except auto, needs a capable field man for the Ohio and adjacent territory. The man we are looking for is probably between 30 and 40 years of age and has had at least five years' experience in fire and/or casualty insurance, preferably in field management.

We are a friendly, somewhat informal organization and while we are not the largest in our field, no other company is more highly regarded. To the right man we can offer an attractive starting salary, wide opportunity for advancement, pleasant working conditions with congenial associates, company car, generous travel allowance, and funded pension plan.

If this sounds like the kind of company you'd like to work for, write in detail and tell us why you think you're the right man. Your reply, of course, will be treated confidentially. Address Box R-60, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

Our expansion program requires a man who has the personal drive, knowledge of salesmanship and imagination necessary to sell personal lines insurance on a volume (mass production) basis and to recruit, train and supervise a personal lines sales operation. You will have the backing of the facilities and reputation of one of the largest and oldest stock company agencies in the South. This is a real opportunity for a man who believes sincerely that he can perform but has been blocked because he has a dead-end job. Reply to Box R-65, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

CONTRACT BOND MAN

Excellent opportunity for thoroughly experienced bond underwriter in Boston home office of expanding stock casualty company. Candidates should have five to seven years of branch or home office experience, preferably with some supervisory background. Company offers many employee benefits and a non-contributory pension plan. Working conditions are congenial and the salary is open for discussion. Address Box R-24, c/o The National Underwriter Co., 175 West Jackson Blvd., Chicago 4, Illinois.

CLAIM ADJUSTER CALIFORNIA

To work and manage independent adjusting office in Barstow, halfway between Los Angeles and Las Vegas. Guaranteed salary plus percentage of profits, car furnished. Minimum experience three years, age 20 to 50. Apply in own handwriting, Jack Hill & Co., 454 "D" Street, San Bernardino.

ACCOUNTANT

Thoroughly experienced in agency accounting for large multiple line company. Capable of supervising large department. Splendid opportunity. Excellent fringe benefits. Write fully. Address Box R-50, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

We need a mature man, settled, not over 45 to join our fine, old, large southern agency. He should be a man who has proven sales experience, unquestioned ethics, and the ability to handle existing large accounts and to produce others.

The man we want will realize that his change will be his last one, and accordingly we want to make it worthwhile to him by fully recognizing his performance. Address Box R-63, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

UNUSUAL OPPORTUNITY CASUALTY FIELDMAN

Experienced Casualty Fieldman needed—Expanding Multiple Line Company has unusual attractive opportunity in Ohio field. Salary open depending upon age, experience and work record. Please include background and military status in reply to Box R-37, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

CASUALTY SALES MANAGER

We are looking for an aggressive and energetic Sales Executive. Must be experienced in production with a proven record of success in Sales. We are a rapidly growing company and we need a man who has the ambition and stature to grow with us and head our Sales division. Prefer man 35 to 40 years. Reply Box R-53, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

NORTH CAROLINA SPECIAL AGENT

Wanted by Ohio Farmers Companies to supervise and develop well established Fire and Casualty agency plant in North Carolina. Excellent opportunity for aggressive young man familiar with North Carolina field. Prefer experience on casualty side. Salary open, depending on qualifications and experience. Write—Ohio Farmers Companies—Eastern Department—3 Penn Center Plaza—Philadelphia 2, Pennsylvania.

OPENING FOR FIELDMAN

Real opportunity for a young man—not over 35 years of age—experienced in either fire or casualty field work for a well established territory in northwestern Ohio. Send photo and details of experience. Your inquiry will be kept confidential.

The Shelby Mutual Insurance Company
Shelby, Ohio

AVAILABLE

Auto Physical Damage and Casualty Underwriter. 17 years experience. Loss background also. Graduate of major Stock Fire Training school. Some Fire and Inland Marine experience. Presently employed at management level. Any area acceptable. Address Box R-62, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

AVAILABLE

Office and Manager of Casualty and A. & H. Company, with very unusual qualifications in Production, Underwriting, Claims and Loss Control as well as Agency Relations. Age, under 40. Will relocate, best references. Address Box R-67, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.



The outgoing president of Indiana Assn. of Insurance Agents and the new president, photographed with their wives and the sparkplug of the association, Harry E. McClain, executive secretary.

From the left: E. D. Watson, the outgoing president; Mrs. Watson; Harry McClain; Mrs. Dan Gibson, and Dan Gibson of Plymouth, the new president.

John O'Hara, the new counsel of Indiana Assn. of Insurance Agents, at the annual meeting with Kevin Brosnan of Indianapolis and Howard J. Geschidler Jr. of Hammond.



Hartson Says Realistic Rates Will Equalize Agents, Direct Writers

In his address at the closing session of Indiana Assn. Insurance Agents meeting at Indianapolis last week, M. J. Hartson, Jr., New Orleans, member National Assn. of Insurance Agents executive committee, developed the point that the difference in acquisition cost between agency companies and direct writers is not great and that realistic rate making is what the agents and their companies need, not cut rates or commission reductions. He said too much emphasis has been placed on simplification of rates and classes, resulting in rate groupings being too broad, thus making it easy for direct writers to deviate and concentrate on the profitable portion of a large class.

Mr. Hartson cited statistics to show that the average acquisition cost of a number of major agents group for automobile liability was 23.8%. A major non-agency competitor paid 8.9% commission, but other expenses which it bore and which, with agency companies are paid by the agent out of his commission, raised its total acquisition cost to 19.3%. There is thus less than five percentage points difference between the two methods of selling insurance and this does not support a 20% differential in rates. The difference was selective underwriting, made possible by the oversimplified rate schedule, he contended.

In one state, Mr. Hartson said, when the automobile liability classes were refined and increased in number, direct writers were forced to cut below profit on personal and farm cars and agency companies began to write them. The same thing needs to be done with auto physical damage, since it is well known that direct writers



Maurice Hartson of New Orleans, a member of the NAIA executive committee, at the Indiana agents meeting with James Walker of Augusta, Ga. Messrs. Hartson and Walker were featured speakers on the Indiana program. In the background is B. F. Parham, director of public relations for the association.

make most of their profit on these lines and even large finance lines have been profitable. This is particularly acute in the dwelling fire business. Mr. Hartson pointed out that Allstate will not write a dwelling fire policy for less than \$5,000. It can afford to deviate 20% with this underwriting, since it has been established that on protected dwellings with \$5,000 or less insurance, the loss ratio has been 116%, with insurance between \$5,000 and \$10,000, 31% and down to 24% with insurance of over \$10,000. A number of companies have made graduated filings in Texas to meet this situation and Mr. Hartson called this a necessary step toward realistic rating.

Hawkeye-Security had a coffee table near the registration booth Monday morning to welcome the registrants, and this convenience which the company has maintained for two or three years, is a most popular one.

Nearly 1,400 at Indiana Convention

John Stott, James Walker Furnish Full Quota of Sales Tips at Indiana Rally

INDIANAPOLIS—Agents attending the annual meeting of Indiana Assn. of Insurance Agents here last week got their money's worth in sales ideas from a single session, that featuring the talks of John C. Stott of Norwich, N.Y., and James P. Walker of Augusta, Ga. These two prominent local agents gave first hand accounts of agency management and local board techniques that can overcome competition and bring in new business by the basketful.

The presiding officer was E. D. Watson, president of the Indiana association.

Mr. Stott, a past president of the New York and national associations, indicated there is nothing but a rosy outlook for those agents who will make the effort to sell. The insurance business seems to run in cycles, he noted, and the current cycle is one of direct writers. This, however, can be healthy for the agency system, because it causes the good agents to get out and sell. Had they gotten out earlier and done the job, the direct writers would not even have had a chance to get started.

Mr. Stott emphasized that it is sales effort that is required and not just advertising promotion or some kind of special interest legislation. Neither, he warned, can the agents take the route of trying to sell price instead of quality. This can lead to ruin if the money for service is squeezed out of the rate, es-

pecially in a time of mounting losses. The agents must keep their heads and not contribute to this kind of confusion.

Mr. Stott said his agency has a premium volume of \$350,000 annually on 3,000 accounts. The staff consists of six girls and two men and they write all lines from a ground floor location.

Radio advertising is effective for him, Mr. Stott said. He stresses in his advertising that his agency will give service to an insured even if the policy is not bought from the agency.

For premium financing, Mr. Stott runs his own installment plan, for which he charges a 5% fee. This is handled on a basis of 20% down and 10% a month and it keeps the insured in touch with the agency monthly. Many of the clients pay their premiums in person, and Mr. Stott said one of the great things he has learned from this plan is that many people give no thought to the price of the insurance but only to the amount they will have to pay down and the amount they will have to pay by the month. Quite a few insured are surprised when they have completed their payments to learn they do not owe more. They come in after the premium is fully paid with another payment in hand and are delighted to learn the money belongs to them. In other words, he said, what these peo-

(CONTINUED ON PAGE 28)

Variety of Discussion Dan Gibson Succeeds at Local Board Dinner Watson as President, Estlick 1st V-P

INDIANAPOLIS—The dinner for local board presidents and secretaries is always a well attended affair at the annual meeting of Indiana Assn. of Insurance Agents. The past presidents are guests at the dinner, and the conversation and open discussions are less inhibited than at the general session because those taking part have a responsibility for leading the association and its local boards and they want to exchange all other information they can. Harry E. McClain, the executive secretary of the association, presides



T. M. Gray Sr.



H. E. McClain

at this dinner every year and he usually manages to toss out a few words of chastisement for failure on the part of the agents to perform up to par on one request or another that has come out from headquarters. This is always taken in good spirit, but as time grows short someone is likely, as happened this year, to call out, "That's enough hell, Harry."

One of the notable features of this dinner and an example of the spirit that prevails in the Indiana association is the number of past presidents on hand. There were seven or eight this year who have taken leading roles in association affairs and still refuse to be dealt out of the picture and continue at least to furnish ideas and comments.

On hand for speaking engagements at the dinner were E. H. Born, manager, and Walter G. Dithmer, assistant manager of Western Underwriters Assn., and T. M. Gray Sr., executive secretary of the Ohio association.

Mr. Dithmer gave the commentary for a slide film showing the results of a WUA survey on competition in the fire business on the agency level. The film had its premiere at the annual meeting of WUA last month at White Sulphur Springs, and the statistics on it were reported in THE NATIONAL UNDERWRITER of Oct. 25. Mr. Dithmer said that the biggest collateral benefit of the survey was a self-examination on the part of agents who participated.

As to what WUA intends to do with the information it has accumulated, Mr. Dithmer said that the first step is to find out what the problems are, and

(CONTINUED ON PAGE 28)

Indianapolis Rally Carries on Hoosier Tradition of Giant Size Hustle

By JOHN C. BURRIDGE

INDIANAPOLIS—The 1956 convention of Indiana Assn. of Insurance Agents here last week lived up to all the proud standards this group has set for itself by way of attendance, good programming and membership enthusiasm.

Harry E. McClain, the secretary, is chiefly responsible for the success, year-after-year, of these conventions. He is recognized as a past master in his field, and in recent years has drawn observers to Indiana from the ranks of secretaries in other states and has been in demand for appearances in areas outside his bailiwick so that he can impart some of the secrets of how to build and maintain an association that is continuously in high gear.

Indiana has been bothered this year with the failure of two charter companies which have been active in writing automobile business that otherwise would have been destined for the assigned risk plan. This was the only matter throughout the sessions that seemed to cause much concern among the agents. They were offered excellent suggestions by several of the speakers on how to get new business and overcome competition, and the feeling seems to be that these are things the agents can do if they put their minds to it. As for auto sub-standard difficulties, the agents were told the assigned risk plan governing board has assigned a special committee to develop means of facilitating the processing of business in an effort to overcome the chief road block in encouraging more widespread use of the plan.

Dan Gibson of Plymouth is the new president of Indiana Assn. of Insurance Agents, succeeding E. D. Watson, Vincennes, who presided at the usual rousing crowded meeting. R. B. Estlick, Columbus City, moved up to first vice-president and heir apparent and J. R. Feighner, Marion, started up the official ladder, moving into the second vice-president slot. H. J. Gescheidler Jr., Hammond, past president, who is also chairman of Midwest Agents Conference and host at the French Lick meeting next March, was reelected state national director. This is Mr. Ge-

(CONTINUED ON NEXT PAGE)

In a few days the Wabash F & C will be three years old. Indiana agents have been the solid foundation on which we have been able to build our successful operation. We are grateful and appreciate the opportunity to say "thank you".

Henry J. Schricker,
President

WABASH FIRE AND CASUALTY INSURANCE COMPANY

1622 North Meridian Street

Indianapolis 6, Indiana

W. P. RAY & CO., INC.

State and General Agents

Fire, Automobile, Marine — Through Agents Only.

Since 1920

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INDIANAPOLIS 4, INDIANA

CAPITOL INDEMNITY INSURANCE COMPANY



41 EAST WASHINGTON STREET
INDIANAPOLIS, INDIANA

A progressive, independent stock casualty
company

Owned and operated by Hoosiers;
Large enough to serve You;
Small enough to give prompt and
Courteous consideration to your problems.

WRITING

Full coverage Automobile Insurance
General Casualty Insurance
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FEDERAL BONDS

WE BELIEVE IN THE
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CONGRATULATIONS

to the

Indiana Association of Insurance Agents
Annual Convention

ILLINOIS



NATIONAL
INSURANCE
CO.



Automobile - Fire - Liability
Burglary - Plate Glass - Compensation
Home Office
Springfield, Illinois

scheidler's second term, he having taken the mantle from the popular and respected Linn S. Kidd of Brazil last year. G. W. Mahoney, Indianapolis, the resourceful and publicity avoiding treasurer, was reelected as a matter of course and there appeared not the slightest doubt that the directors would retain the services of H. E. McClain as secretary and B. F. Parham as director of public relations.

Registrations totaled 1,368, just a routine matter for the Indiana agents, but something which always makes out-of-state insurance men gasp in envy and disbelief. As usual, the Claypool and the adjoining Indianapolis hotels were unable to handle the jumbo turnout adequately, but, also as usual, somehow everyone was accommodated and everyone had a good time. Hoosier conventions continue to defy description.

A significant resolution took notice of the fact that three so-called "charter" companies operating under exemption from the Indiana insurance statutes failed during the past year and called for legislative action to end this state of affairs. Other resolutions condemned direct billing and praised the administration of Commissioner Davey, who will soon retire from office.

The W. C. Myers trophy for general local board performance went to Evansville Assn. of Insurance Agents. Terre Haute Insurance Board won the Herman C. Wolff award for outstanding public relations and advertising, and Whitley County Assn. of Insurance Agents, for the third straight year, captured the Wolverine trophy for accident prevention work. Traditionally, the Indiana association delegates to out-of-state guests the responsibility for judging the entries in these contests. This year's judges were M. J. Hartson Jr., New Orleans, National Assn. of Insurance Agents executive committeeman, J. P. Walker, Augusta, Ga., past president Georgia Assn. of Insurance Agents, and J. C. O'Connor, Cincinnati, executive editor *Fire, Casualty & Surety Bulletins*, all convention speakers.

The program for the Indiana meeting has developed into a pattern and it has been so effective that no one sees any reason to change it. The opening gun is fired with a luncheon Monday under the auspices of the rural and small line agents committee, and then the afternoon is taken up with sales material. Monday evening there is a dinner for local board presidents and secretaries and the full meeting begins Tuesday with a general session in the morning and a business meeting in the afternoon. On Wednesday morning there is almost always a panel discussion followed by one or two speakers, and a concluding luncheon at which the trophies are awarded.

The air of conviviality, however, so imbues the Hoosier agents that many of them check into the hotels Sunday evening, by which time most of the companies have headquarters in full operation, and there is an evening and a full morning for visiting and business.

Ray L. Strayer Sr. of Warsaw, who has been chairman of the rural and small lines agents committee for a number of years, was in his accustomed role as presiding officer of the opening luncheon. The speaker was Jack C. Nisbet, president of Agricultural Selling of Columbus, who delivered an inspirational address on sales production and had the audience enthralled even though he used the word "insurance" only twice and the word "agent" not at all. He warned against the hypnotic effects of passivity, pointing out by one analogy after another that only a little extra effort can produce a great deal in the way of results.

The meeting after lunch was broken into two sections, one for rural agents and the other for metropolitan. Mr. Strayer was in charge of the meeting for rural agents, which featured a sales presentation by the field men on homeowners, and a discussion by Joseph E. Cryan, assistant secretary of the farm department of America Fore, on the farm survey and credit plan introduced in a number of midwest states by Farm Underwriters Assn.

At the concurrent session, the first vice-president, Dan Gibson of Plymouth, acted as presiding officer. Dr. John D. Long of Indiana university gave a talk on agency perpetuation, and another group of field men explained commercial block contracts, the new form of which was approved in Indiana Nov. 15.

Participating in the sales panel on homeowners policies were Warren Bess, Providence Washington, the moderator; Terry Carpenter, Travelers; Richard Fischer, Commercial Union-Ocean group; William Smead, Standard Accident, and Rick McCusker, Royal-Liverpool. Mr. Bess served as a prospect as each of the field men explained a different form of package dwelling policies—the CDP and homeowners A, B and C.

The new farm survey and credit rating plan has not yet been approved in Indiana, so Mr. Cryan has to tread lightly on the rating aspect of it. He distributed some explanatory material and a case example of what the plan might be able to do based on what has happened in other states, showing a farm with total insurance of \$42,750 which would take a premium under the

MERCHANTS PROPERTY INSURANCE COMPANY

OF INDIANA

HOME OFFICE

1715 NORTH MERIDIAN STREET
INDIANAPOLIS

new plan of \$274.35 as against a premium under the present system of \$347.70

Dr. Long is the author of a booklet on agency perpetuation, and qualifies as one of the best posted men on this subject. His talk at Indianapolis took the form of a number of questions that the agents might well ask themselves whether they are planning for a successor to their business or not. It is easy to ask such questions, but the answers come hard, Dr. Long noted, yet they need answering if an agency is to be of any value at the time of death or retirement of the principal.

E. P. Ressler, National Fire, moderated the session on commercial block contracts, assisted by John T. Gorman, Aetna Fire; William L. Fisher, Failing, Beal & Fisher; George F. Wilder, Home, and Marvin Simpson, London & Lancashire Indemnity.

Mr. Wilder remarked that the new commercial property contract had been approved on Nov. 15 in Indiana to succeed the commercial block policy, which he said was a "complete flop." The new contract is salable, Mr. Wilder said. It represents the cooperation of Inter-Regional Insurance Conference, Inland Marine Insurance Bureau, and National Bureau of Casualty Underwriters. In contrast with commercial block, the new coverage has simpler rating and lower rates. It is an all-risk policy with exclusions and attaches to the standard fire policy.

The field men took turns analyzing the various parts of the coverage and the treatment of the reporting and non-reporting endorsements. Mr. Wilder's subject was eligibility of risks and a general outline of what the policy is designed to accomplish. Mr. Fisher took up the available forms—reporting and non-reporting—gave examples of how the policies are rated, and discussed the application and the insuring agreements up to the casualty portion, which was handled by Mr. Simpson. Mr. Gorman covered the exclusions.

The theme of the 1956 meeting, "Dividends Unlimited," was carried out in superb style by the Tuesday morning speakers, John C. Stott of Norwich, N.Y., and James P. Walker of Augusta, Ga. Resumes of their addresses are carried separately.

The Tuesday afternoon session, for agents only, with H. J. Gescheidler Jr., Hammond, the state director, presiding, featured a presentation by the insurance women, a history of the Indiana association, and a legislative report.

Misses Mary Lou Feltman and Irene Schaeckel moderated the women's presentation, assisted by representatives of the 14 associations in the state. They described the role of insurance women

Arnold G. Allen of Muncie and E. E. McLaren of Indianapolis, past presidents of Indiana Assn. of Insurance Agents, at the annual meeting last week with Burl W. Keys of Muncie.



and their organizations and how the women's associations benefit the members and the business.

Mr. Gescheidler reported on the Midwest Conference of agents with Western Actuarial Bureau, stressing that this is a meeting on rules and forms and nothing is said about rates or commissions. A good deal of discussion this summer was on package policies and mercantile block policies, he reported, and one of the special

achievements was the setting up of a farm subcommittee.

Ralph G. Hastings of Washington, a past president, reviewed some of the accomplishments of 58 years of the Indiana association. The only man still living who attended the organization meeting is Irving Williams, editor emeritus of *Rough Notes*.

The Indiana association has had 43 presidents, of whom 22 are still alive. Mr. Hastings recalled the days when

he was one of the most active leaders in association affairs, back in the '30s, mentioning that in 1932 the annual meeting had an attendance of 15 and in 1935, when he was president, the annual meeting at French Lick drew a crowd of 58. Harry McClain was employed as secretary in 1939, and Mr. Hastings said this marked the start of the upward climb.

Mr. Hastings, after a show of hands, pointed out that some sort of recollection of the role the association has played might be valuable, since only 50% of those in his audience had been in the agency business for 10 years. He mentioned that the Indiana association was instrumental in passing a law calling for the bonding of public officials in the state, a big dividend in itself to every agent in the room. On more than one occasion, the strength of the association has beaten plans for state funds in workmen's compensation, property insurance on public buildings or bonding of public officials.

The legislative report was given by Mr. McClain in the absence of Linn S. Kidd of Brazil, who had to leave the meeting early to be on time for a

(CONTINUED ON NEXT PAGE)

Greetings—Indiana Association of Insurance Agents

AT YOUR

58th ANNUAL CONVENTION

Automobile



Burglary



Casualty



Fire



Inland Marine



Plate Glass



Compensation



Homeowners

We appreciate the opportunity to share in your convention and invite you to visit us in our suite at the hotel, and in our offices.

Again it is our real pleasure to be hosts to all ladies at the convention in the exclusive Ladies' Lounge in the Louis XIV and Empire Rooms.

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CONSOLIDATED INSURANCE COMPANY

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Indianapolis, Indiana

GREETINGS!! INDIANA AGENTS

Complete Insurance Facilities
ACCIDENT AND HEALTH

AVIATION
BONDS
CASUALTY
FIRE
LIFE

WELLS AND COMPANY
STATE AGENTS

American Casualty Company
American Aviation & General Ins. Co.
Standard Fire of New Jersey
945 Illinois Building, Indianapolis, Indiana

Thanksgiving reunion. Mr. McClain said the assigned risk plan has exercised many agents, but a committee had been appointed to make it more usable. The appointment of a committee, he declared, is the result of the push by the agents for improvement in the plan.

The Indiana association has always taken a leading and intensive role in legislative activities. Indications are this year that the agents will support a larger appropriation for the department. Mr. Davey is asking for just over \$500,000 for the next biennium as against \$323,000 in the one just gone. Mr. McClain noted that when the department was set up in 1919 it was intended that the premium tax was to be used entirely to support the department, but at this time the department gets a less than adequate fraction of the \$8 million it collects each year.

At the conclusion of his talk, Mr. McClain was asked what is the matter with the assigned risk plan, and another agent volunteered a comment, which was seconded by most in the room, that for marginal risks submitted to the plan there is too much delay in getting an assignment and there is the possibility of considerable embarrassment to the agent of having the business placed in a deviating company so that an assignee turns up with a lower rate than the agent had been able to quote in the first place. This agent suggested that what the plan needs is quicker processing and a published rate so that the agent handling the risk can tell his insured what it will cost.

Other agents popped up, one to say that AR business should get a 15% commission, and another to say that the plan is not used enough, that the agents insist on using companies that will accept the business even at some risk to themselves. He added that if the plan is to be used extensively the 15% commission is deserved.

Other agents said there is too much stalling on assigned risks, with the plan calling for a certification of its driver and a certification of the condition of his car, the latter being such a troublesome feature that it alone would discourage an agent from fooling with the risks.

Mr. McClain reminded the agents that they have a big legislative challenge next year, and the only way to beat a bad bill or pass a good one is to operate at the home town level. He said the association hasn't put up an effective front since 1947, and there is great need to reactivate the contacts at the county level. At the height of its days of legislative success, the Indiana association with a single telephone call from Indianapolis could get a flood of mail or people into the legislature within 24 hours, but the prosperous days since then have brought on some apathy. Mr. McClain said that the old system of a contact man for each county, for each local board, for each region, and for the state has to be put back into action, so that when the call goes out the response will be prompt.

George W. Mahoney of Indianapolis, the treasurer, gave his report, saying that the association is in good condition. This was his 16th annual statement on association finance.

The association staged another of its surprising traditions Wednesday morning, jamming the meeting room, despite the fact that it was the "morning after" the annual dinner. The program featured an "information please" quiz session and talks by F. R. Reilly, New York, secretary AFCA, and M. J.

Stott, Walker Furnish Quota of Sales Tips

(CONTINUED FROM PAGE 25)

ple are buying is not the price of the policy but the protection and service the agency offers. Also, he commented, the direct writers "just don't steal this finance business."

Prompt claim payments are a necessity, Mr. Stott declared, and he strongly advocated the agent having power to write drafts up to about \$250. He noted that agents can bind up to \$100,000, but some companies won't let the same agent pay even a \$10 claim. On the spot claim payments by agents is one of the big talking points in the Stott agency, and in the first nine months of this year 250 small claims were paid, most of them within 15 minutes of talking with the insured. This sort of service can be used to great advantage in newspaper advertising. Each Monday Mr. Stott has a space in the paper outlining recent claims, followed by the comment "paid in full on the spot." The newspaper ad indicates also that the two or three cases cited are only part of what are paid each week, and these ads have built up in the minds of his community the fact that the Stott agency performs and performs quickly.

At the suggestion of one of the underwriters in his office, Mr. Stott a few months ago began writing policies for walk-in business on the spot. Instead of taking down the information and then typing the policy and mailing it to the insured, this is all done while the client is in the office, and it impresses this new customer with the fact that he has found an agency that will look after his needs in a hurry.

Before renewals are delivered, the underwriter in the agency fills out a special renewal delivery card which is attached to the policy and lists suggestions for better or new coverage. There is one card for personal lines and another for business. Mr. Stott said this system enables the person delivering the policy to make an intelligent bid for additional new business and at the same time it enables the policyholder to see that the agency takes an interest in his coverage.

In answer to a question, Mr. Stott said he is convinced that payment of claims by agents up to \$250 has done more to combat direct writers than any other single thing.

James Walker, whose talk on the counter-attack of his local board

against direct writing competition was given initially at the meeting of the Alabama agents last May, made his first incursion into northern territory to tell this story and he got his message across dramatically and captivated the audience in doing so.

The Augusta board, using the help of an advertising agency, set up a systematic, powerful and continuing public relations and advertising program in 1954 when the agents were suffering heavily from direct writing competition. Mr. Walker said his agency alone was losing 5 to 10 policies a week. The program has been so successful that the direct writing attack has not only been beaten off but is now in retreat, and Mr. Walker's own experience is that he has lost two policies to Allstate this year, both in January, but for nine months he has been adding business, a good deal of which is at the expense of the direct writers.

As a first step, the local board sponsored a television program Sunday evenings at 6:30. A novel advertising approach was used, that of asking pointed and interesting questions about insurance coverage and referring the audience to a member of the Augusta board for the answer. Mr. Walker said his and other agencies were flooded with requests for the answers to coverage on non-owned cars, etc., making it obvious the TV show had a following and was establishing the board.

Concurrently with this, the advertising agency worked on a publicity program that produced 7,000 inches of newspaper space and pictures free of charge for the local agents of Augusta. Mr. Walker said this was \$41,000 worth of advertising, and it was promoted by creating news and sending to the newspapers stories and pictures the editors were happy to have. Every one of the stories about an individual agent mentioned that he was a member of the Augusta board.

This program, Mr. Walker said, costs \$15,000 a year and is financed entirely by the public business written by the Augusta board.

Mr. Walker closed his address with a stirring appeal to the Indiana agents to incorporate their local and state programs with that of the national and to use the new trade mark insignia and make it nationally known. He said National Board and company advertising

Hartson Jr., New Orleans, national association executive committee member.

J. C. O'Connor, executive editor of the *Fire, Casualty & Surety Bulletins* of the National Underwriter Co., was moderator of the panel, which included A. A. Bain, Lafayette, W. S. Dukes, Ft. Wayne, L. E. Meyers, Hammond, and P. V. Smith, Evansville. Mr. O'Connor devoted his opening remarks to the explosive automobile situation, and particularly to the new uninsured motorist filing in Indiana and other states, and answered a number of questions from the floor on this general subject.

The questions ran the gamut of insurance topics. Among other things, Mr. Meyers discussed the coverage of losses from automatic vending machines under the broad money and securities policy; Mr. Dukes told how to cover business liability exposures under homeowners and comprehensive dwelling policies; Mr. Bain described some losses to lawns and other outdoor property under broad dwelling forms and Mr. Smith discussed theft

coverage and disappearance losses under homeowners policies.

Mr. Reilly, speaking on premium financing, pointed out that every retail business has integrated installment buying into its merchandising methods. The major competitor of the agent, he said, is not other agents or other insurance outlets, but thousands of tangible products which the customer and his family want and which can be obtained on easy payments.

At the closing luncheon Wednesday, Rev. Dr. H. C. Hahn, Dayton, gave an inspirational and well-received talk titled "Dividends Unlimited". In addition to the three local board awards, reported elsewhere, Assn. of Casualty Companies presented two awards for driver training. Wilbur Young, state superintendent of public instruction, accepted the award for the state public high schools, which have enrolled 68% of eligible students in driver training classes. A special award was given the private and parochial schools of the state and was accepted by Rev. J. P. Galvin, superintendent of schools of the Indianapolis archdiocese.

is of no help at all to an agent trying to sell insurance. Those few companies that have made changes have improved their approach to the local agent's problem in such a small degree that it is hardly worth mentioning, he added. The National Board advertising has never sold a policy for him or for any agent he knows of, Mr. Walker said. He suggested that national advertising be directed to selling the independent agent, with the independent agent handling the local advertising. An institute of fire and casualty interests could well be set up, with new blood, to supply information, advertising and news of insurance to the public, he declared.

The third participant in this session of the Indiana meeting was to have been Commissioner Davey, but he had gone off to Florida for a vacation preceding the NAIC meeting in Miami, and his spot was filled by Gordon Miller of Columbus, Ind., who the preceding evening had given a demonstration of visual selling of insurance to school boards, and on this occasion repeated a talk he had given to the Rotary Club in his town on insurance facilities and procedures in catastrophe situations.

Variety of Discussion at Local Board Dinner

(CONTINUED FROM PAGE 25)

the survey constitutes the beginning. The film showing opened up quite a discussion on competition, although it veered away from fire into automobile, one member saying the agents aren't giving State Farm and Allstate any competition. Another disagreed, remarking that the companies and agents are taking steps and are in a position to give the direct writers a good chase. However, he said, the companies have to keep their eye on what is needed and not get onto such tangents as insuring trees against windstorm. The direct writers can be beaten if the agents sell their product and not the price, he added.

Mr. Dithmer was asked if the survey was not prompted by the idea on the part of companies that the agents are not doing the selling job they should, and he replied there was no ulterior motive at all. The idea was simply to find out what is going on competitively in the fire business and what the agents are doing or think should be done.

One agent said there comes a time when it is difficult to solicit automobile accounts because there are so many other accounts in the office. It is almost impossible to go out after individual small lines or deliver renewals or perform the other services that are the backbone of the agency system.

This comment was criticized by another agent who said that the weakness is that agents, when they get to such a size, refuse to enlarge their sales staff and thus let prospects go by default.

Mr. Gray, whose Ohio association takes a back seat to nobody, especially in the political field, spoke briefly on the responsibility the local boards have in maintaining business standards at the community level. He admonished the board leaders to police the business in their communities and report infractions to the state association or to the insurance department. The board officers and members should know rates in their town, the filings and the people in the business and take the responsibility for keeping the standards up, he declared.

The concluding speaker at the dinner was Gordon Miller of Columbus, Ind., who gave a presentation on handling public business.

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"Thank you again for the privilege of attending the excellent sales course which you conducted here last week. It was the only meeting of similar nature I have ever attended which was, in my opinion, worthwhile in every respect.

"The ideas presented were most practical, and I have already been able to use several of them with considerable effect in sales presentations. I doubt seriously that anyone could be introduced to the techniques of *hot button salesmanship* without becoming more effective . . ."

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—and it was a unique event in the insurance industry! Nationwide policyholders met with Nationwide agents to talk over their common problems. They told their agents what they liked and didn't like about Nationwide...what they felt was needed in the way of new coverages, new policies, new services. In short, they *talked turkey!*

An original idea? Indeed it is...but Nationwide's policyholder meetings don't stop at the *Agent* level. Representatives are then chosen to attend *Regional* meetings. These meetings, in turn, select delegates to attend an annual 3-day meeting of Nationwide's **ADVISORY COMMITTEE OF POLICYHOLDERS** at our home office in Columbus, Ohio with top Nationwide management.

No wonder so many business leaders today are watching Nationwide's Advisory Committee program, which attracted more than

20,000 policyholders during the past year!

No wonder Nationwide is proud of Long Island Agents Max Ikle, Walt Putland and Joseph Longaro. These three men *alone* played host to more than 200 of the 450 policyholders who attended these local meetings on Long Island in the past year!

Joe Longaro's experience is good evidence that Nationwide's program of policyholder-participation will continue to grow. After his meetings, Longaro received dozens of phone calls from policyholders—they just wanted to tell him they thought it was an excellent idea...

...and many who could not attend heard about the meetings they had missed and promised that they would be sure to attend the next one. So in the months ahead, chances are that many a Nationwide policyholder will take the floor to take an active part in shaping the future of Nationwide Insurance.



Agent A. Max Ikle
Albertson, L. I.



Agent Walter H. Putland
Hempstead, L. I.



Agent Joseph Longaro
Plainview, L. I.



At all meetings, Nationwide policyholders form small groups to thrash out specific subjects that are raised—subjects like traffic safety, insuring the youthful driver, merit ratings for safe drivers, etc. The views of the "panel" on their assigned subject are then presented to the entire body for possible referral "up the line" to the Company-wide meeting in Columbus.



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